

Benn gives Labour a warning from anti-EEC platform

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Keen eye to Cabinet views

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Mr Benn: Exercising diplomatic skills.

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Most powerful prelate at Vatican becomes cardinal and archbishop

The Pope promotes a possible successor

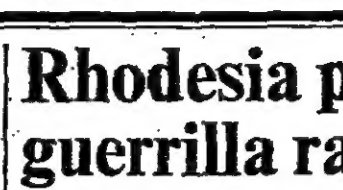
From Peter Nichols, Rome, June 2. Mr Giovanni Benelli, the dominant figure among the Pope's officials, was today appointed Archbishop of Florence and will be created a cardinal later this month. The Pope has made no greater decision regarding the Vatican's internal affairs since he appointed Mr Benelli Deputy Secretary of State 10 years ago.

Through an extraordinary capacity for work, and by default as far as immediate rivals went, Mr Benelli became more powerful than any other prelate at the Vatican. He saw himself as the logical successor of the Pope but he had a creative as well as an executive role. Resentments against him have been many, which is presumably one reason why the Pope has wanted to ensure that his position in the church is invulnerable against personal animosities in the future.

Mr Benelli, who is 56, will be created cardinal along with three other prelates at the consistory called for June 27. The others are Mr Bernardin Gantin, the former Archbishop of Cologne, now at the Curia; Mr Joseph Ratzinger, Archbishop of Munich, and Father Luigi Ciappi, theologian to the Pope.

At the same ceremony, the Pope will publish the name of the cardinal whom he created "in pectore" (in the breast) without naming at the consistory in May last year. The prelate concerned is Mr Francesco Tomasek, Apostolic Administrator of Prague. The name of Mr Benelli is the first on this unusually short list of new creations. This is taken to mean, according to Vatican tradition, that his elevation came first to the Pope's mind when the list was drawn up.

Undoubtedly the Pope owes a great deal to Mr Benelli who was his secretary nearly 30 years ago when the Pope himself was Deputy Secretary of State under Pius XII. Interest is now divided between what Mr Benelli will make of his new post and who will take over from him at the Vatican. Florence will provide his first experience of extended pastoral work. Practically his whole career has been spent in diplomacy and administration.



Mr Benelli: his power has created resentments.

Three policemen shot dead in Ulster

From Our Correspondent, Belfast.

Three policemen were shot dead yesterday in a terrorist attack in an isolated area of County Tyrone. They were ambushed near Ardara on the shores of Lough Neagh. Their patrol car had left Cookstown on its way to Ardara. At 4.30 pm, two gunmen stepped into the road and fired at the car. The car was hit and the three policemen were killed.

Mr Alan Wright of the Police Federation, believes that more troops should be involved in security in Ulster. He said last night that Mr Mason should keep in Northern Ireland the troops brought in during the recent strike organised by the "loyalist" Action Council. He had been told in March that there were 14,500 soldiers in Northern Ireland but his colleagues had told him they were not appearing in support of the police, who were a thousand under strength.

Rhodesia pulling back guerrilla raid troops

From Frederick Cleary, Salisbury, June 2.

Rhodesian forces are withdrawing from Mozambique, drawing from Mozambique, Lieutenant-General Peter Walls, their commander, said today. His troops had withdrawn on Wednesday afternoon from the town of Maputo, about 60 miles inside Mozambique, which they seized on Monday. He said they had overrun four guerrilla camps, killing 22 terrorists and destroying arms and ammunition dumps. General Walls said the camps had been used by guerrillas to launch constant raids into Rhodesia and his five-day incursion had been essentially one of self-defence. He was satisfied it would save the lives of black villagers in the south-eastern tribal trust lands of Rhodesia.

He denied reports from Maputo stating that Frelimo troops had been banding with Rhodesian forces. He insisted the only contact had been with Rhodesian guerrillas. Nicholas Ashford writes from Johannesburg: South African displeasure over Rhodesia's raid would seem to be one of the factors behind the decision to withdraw.

Engineers' threat to airline

By Our Labour Reporter.

British Airways was again engaged in a tussle yesterday with engineering workers over negotiations for improved shift payments and was told that an unofficial overtime ban would operate from today. A mass meeting decided to call 'out one shift a day from next week if there is no firm agreement by tomorrow. However, according to the airline the men were voting on an offer made on May 27 and not on the latest offer, which was presented yesterday morning. The new offer, which weekly increases on the four main shift patterns over present payments of, respectively, £11.50, £8, £6.50 and £4.50.

Mr Keith Harris, one of the men's leaders, said they did not know of the new offer before it was put forward. He said below that we are looking for as far as we are concerned our action will still go ahead.

Merger victory for Sir Arnold

Sir Arnold Weinstock's GEC has won support from both the Government and the National Enterprise Board to take control of a new national turbine generator company. Up to 6,000 jobs will be lost over the next few years if the plan goes ahead to merge GEC's turbine business with Reynolds Parsons.

Young offenders proposals

The closure of all institutions for juvenile offenders, except for secure accommodation for about four hundred of them, is the most radical of three proposals proposed by a government-backed working party of the National Association for the Care and Resettlement of Offenders.

QE2 picket lifted

The Queen Elizabeth 2 moored nine hours late at Southampton yesterday after port workers had lifted a picket. Cunard warned them about the future of the ship.

TU144 restyled

The Soviet TU 144 supersonic jetliner was seen to have been almost completely redesigned for the second time when it arrived in Paris for the air show. The first redesign, after crashing at the 1973 show.

Wind power

Consideration of the fast-breeder reactor has been based on the false assumption that only nuclear power can preserve our standard of living, according to Sir Martin Ryle. The claims of wind power are examined in Science report.

Air dispute ends

The end of the Bristow helicopter strike at Aberdeen was announced last night by Mr Booth, Secretary of State for Employment. The British Air Line Pilots' Association called off industrial action and a court of inquiry into the dispute was announced.

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on pound cost \$229m in May

The remaining third was, at least in part, so-called "hot money", attracted to London by high interest rates and the belief that sterling was now a strong currency. This money is beginning to flow out again, although not all of last month's drop in the reserves was due to official intervention in the market. Transactions by central banks, for example, in London, which stood at 8 per cent in January, has shrunk to 11 per cent.

Mr Tindemans offers to resign over cabinet split

From Michael Hornsby, Brussels, June 2.

In a dramatic move last night, Mr Leo Tindemans, the Belgian Prime Minister, offered to resign after four ministers in his new four-party coalition Government failed to turn up for the swearing-in ceremony at the palace. The recalcitrant ministers, all from the French-speaking Walloon region, were Mr Tindemans's own Social Christian Party, later explained that they considered they and their colleagues had been unfairly treated in the allocation of Cabinet portfolios. They objected in particular to their "exclusion from the principal economic tasks facing the country".

Only a few hours earlier, Mr Tindemans had submitted a list of the names of the new ministers and their posts to King Baudouin. The list, which the Prime Minister announced at a press conference, contained the names of 22 ministers, in addition to himself, more than half a dozen secretaries of state, all chosen to reflect a careful balance between the four parties in the coalition and the country's two Dutch and French linguistic communities. The four parties are the Social Christians, the Socialists and two small regional parties, the Brussels-based Francophones and the Flemish Nationalist Volksunie. They would have more than 170 seats in the 212-seat Chamber of Representatives. The immediate reaction from the king was to ask for time.

Jones call for prices action

By Tim Jones.

The prospect of trade union agreement to another year of voluntary pay restraint will depend on early government action to control prices and halt growing unemployment. Mr Jack Jones, general secretary of the Transport and General Workers' Union made clear last night. At his union's conference next month, he will attempt to steer delegates representing 1,900,000 members through many resolutions which call for an immediate return to free collective bargaining. The union's executive yesterday decided that it was prepared to amend the wording of

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Spare room in space for a British scientist

By Alan Hamilton.

Applications are invited from suitably qualified candidates for the post of the first British spaceperson. Previous experience is not necessary. Two posts, one astronaut and one reserve, are vacant. Candidates are warned that they will be in competition with would-be first Irish, first Italian, and similar applicants from Belgium, Denmark, France, Germany, The Netherlands, Spain, Sweden and Switzerland. A short list of six will be drawn up by the European Space Agency.

After intensive training in Europe and the United States, starting next summer, the successful candidate will blast off from Cape Canaveral in 1980, accompanied by an American, for a seven-day tour of duty in the European space laboratory. A current driving licence is not essential, as instruction will be given. The post is open to a woman or a man. Applicants must be between 5ft and 6ft 3in tall, in excellent physical condition, have a head for heights and a willingness to travel, and be able to get on with Americans in confined spaces. Also necessary are a degree in sciences or engineering and at least five years' active experience in life sciences, atmospheric physics, solar physics, material sciences, astronomy or Earth observation. But whatever their specialties, the candidates must also be capable of working in all the other disciplines. Working conditions are good, although the employer cannot undertake to provide either luncheon vouchers or gratuity. Ample time off will be given in the pressurized module, and the person chosen may wear shirt sleeves during rest periods. The successful applicant will travel to work by the National Aeronautics and Space Administration's Space Transportation System, or "space shuttle", from which the laboratory will not be separated in flight. Fare to and from work will be paid by the employers. Salary will be by negotiation, but will be not less than £10,000 a year tax free, and will not be subject to phase three of a British government income policy. All short-listed candidates will be offered nine-month contracts in the first instance. Protective clothing will be provided.

Hijackers fire at police cameras

Glimmen, Holland, June 2.

South Moluccan gunmen on board a hijacked train fired shots today at police television cameras monitoring them from about 300 yards away. A Justice Ministry spokesman in Assen said that the gunmen, insisted by telephone that the two cameras, installed yesterday on mass, should be removed. When the Government negotiators refused, the shooting began. But hopes rose tonight that there could be agreement with the gunmen on the nomination of mediators tomorrow morning from the South Moluccan community in Holland.—Reuter. Photograph, page 4.

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Not applicable to a member of the Life Offices' Association. T100/57

Kershaw industrial park strikes threatened eas. of the National Networkers may lead k-up of the union, i. Gormley, NUM resident, said last ment he criticized rs from the York- ngshires, south and Leicestershire ave threatened to y by 110,000 miners ary coal allowances

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The chain of beacons to be put on Monday and the many unofficial bonfires marking the Queen's silver jubilee are already worrying fire authorities and the Forestry Commission, who fear that some of the blazes may get out of control.

The Queen will light the first beacon in Windsor Great Park. Alexandra is also due to light one in the Queen Elizabeth Country Park, Hampshire.

Forestry workers are already busy on a fire alert because of the dry spell, and the Home Office is sending out more than 100 organizing bonfires to see that they do not get out of control.

Fire brigades, it says, are experiencing difficulty in some areas where dry weather has caused a mass of fire in grassland and heath and the firemen may worsen by the weekend.

The bonfire chain, being organized by the Royal Institution of Chartered Surveyors, will run from the Channel Islands to Scotland. There will be about a hundred bonfires.

EEC gets blame for scarce fish

The European Economic Community had failed to curb wasteful and destructive fishing practices in waters near Britain, the Herring Industry Association said today. It said that in 1976 had been "a bruising year" for fishermen and herring processors in Britain.

The board applauded the British Government but added that the industry to survive was being weakened by "great difficulties in getting a sensible conservation policy adopted by our partners."

The board warned fishermen about depending on scarcity to maintain their incomes through higher prices as supplies fell.

Advertiser, 1976 (Herring in Scotland)
106 Young Street,
Glasgow, G3 7JN
(Edinburgh, 50p).

There will be no proceedings against Pergamon Press, Mr. Robert Maxwell, its chairman, or its board, Mr. Peter Archer, M.C., the Solicitor General, said in a Commons written reply.

"This complex matter has been the subject of lengthy and serious police investigations involving a succession of police reports and consequent opinions from counsel instructed by the Director of Public Prosecutions," he said.

"The final police report was received at the beginning of April, and together with all the papers, including the reports of

**n of pig
EEC**

The amounts are subsidies paid on imports to Britain from other EEC countries. "At the same time cereal monetary compensatory amounts would fall by £4 to £5 a tonne, depending on existing feed prices." If that rise was reflected in the market it would be more than 10 p a pound, or most half the value of the present British subsidy, to the cost producing pigs. "The average price of all pigs was about £1.40 last year, but they cover those extra costs," Mr. Atkin said.

First champion: Hayleys produces a four-year-old, British Friesian cow, won the show's supreme cattle championship at the Great Association reports.

Second animal: owned by Mr and Mrs Keith Showering of Wells, was won the overall dairy breed championship. The beef breed champion was Farmington Progression 13th, shown by Mr J. Thomas, of Umberleigh.

inred chicken 'bad'

National distribution of Dutch is of "Ye Olde Oak chicken eats in jelly" has been stopped because the contents of the cans have been found to

...also asks why, when the American company, Occidental Petroleum, came to Britain it chose to go to partnership with Lord Thomson of Fleet, who just happened to own the Times? "

Professor Tomstall, as he made clear in his evidence to the House, regards newspaper-oil combines as preternaturally inhibiting on press independence.

He sees the growth of such commercial and financial links as part of a wider process in which Britain is a "massive media impasse," mostly from the United States.

On the other hand, as he admits, Britain is also a media exporter, through the English language, through our Commonwealth links, through Reuters agency, and through books, films and television programmes.

He says the failure of policy-makers in Britain to grasp the implications of Anglo-American domination of the international media had led to an undeserved prominence for Britain in the world-wide flow of news. That, in turn, meant that criticisms of Britain's economic performance by British newspapers had been "replayed" around

By Kenneth Gosling

Giving a fifth of television time each week on a second independent channel to commercial producers, the Government has agreed "a substantial and proper gesture to meet that particular need". Sir Denis Forman, chairman of Granada Television, said yesterday.

Speaking on the second day of the Royal Television Society's symposium in London on the Annan report, Sir Denis said: "As far as Granada is concerned we will live up to that commitment."

Mrs Mary Whitehouse, of the "National Viewers' and Listeners' Association, asked about the control of minority programmes and the open broadcasting system which is to start in 1984. The fourth channel recommended by Annan came into existence.

Annan had talked of the Arts

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The inspectors appointed by the Department of Trade under Section 165 of the Companies Act, it was carefully considered by counsel.

"They prepared a final series of opinions for the DPP. In these opinions counsel came to the conclusion that proceedings against anybody concerned would not be justified."

"The DPP agreed with that conclusion," Mr. Archer added, having studied the opinions of the relevant papers, and discussed them with counsel and the DPP. I am of the same opinion."

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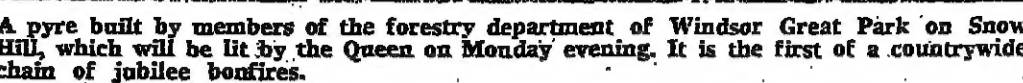
Charges over patients

the world, which affected confidence in the pound.

One of Professor Tunstall's conclusions is that government media imperps and exports propaganda, and as a result media policy is laid down piece meal and is an inadequate information.

Professor Tunstall, who has made a special study of the work of lobby journalists, agrees with the widely held view that British Governments are exceptionally secretive, though he says that that is to some extent balanced by the "effusive" leaks from the Cabinet. Not only do ministers compete for attention by leaking their versions of Cabinet decisions, but so do Prime Ministers.

The Prime Minister, however, is vulnerable to the lobby in a way which "can collectively pursue a vendetta against him from which he never recovers if they come to distrust him. The "vendetta" process, Professor Tunstall asserts, can be applied to the middle years of Sir Harold Wilson's Administrations and to British economic policy since 1967.



On the subject of the Council providing programmes: "That gives me no comfort whatever," she said. "One has to be able to see the quality of broadcasting."

In a discussion on advertising, Miss Margharita Laski, a member of the Annan committee, said she understood why the BBC sometimes resorted to advertising. She pointed out that the BBC had proposed the four channel system proposed by Annan, but she failed to understand why advertisers opposed it.

"They are not linked by a common set of TV," she said. "They seem in recent time to have lost their nerve; they are making films on resources beyond the real dreams of producers in TV."

She said to assume there is no difference among them to work creatively and see what they can do with more time.²

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By Our Labour Reporter

Britain's economic crisis has been used by companies to avoid giving equal pay to women, according to the annual report of the Equal Opportunities Commission, published yesterday.

It says that many employers put considerable effort into avoiding granting equal pay, questioning the effect of the Equal Pay Act.

Unemployment and employers' resentment at having to cope with a welter of legislation were the two main difficulties the commission faced during its first year.

"In such circumstances," said the report, "it is not surprising that many employers are reluctant to exercise their rights for fear of victimisation or losing their jobs. In conditions of stringency, the principle of equality is sternly resisted and the demand for equality is seen as a luxury, a hindrance to merit in robbing Peter to Pline, while in more favourable conditions it is seen as a

to restore lost differentials tends to take precedence over the other social goals."

Stating that political will and greater commitment within industry are as crucial as laws, the report says that compared with other EEC countries Britain's progress towards equal pay for women has been disappointing.

Annual Report of the Equal Opportunities Commission to the Secretary of State, 1984-85 (H.M. Stationery Office, £1.40).

Leaders of Britain's security firms were accused yesterday of encouraging "moonlighting" and paying poverty-line wages. They were warned that they might be strike action unless they stopped.

Mr Maurice Reed, national industrial officer of the General and Municipal Workers' Union, said at the union's annual conference at Southport that some of the "cowboy companies" were paying employees

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The committee representing Britain's 23,000 family doctors decided yesterday to postpone acceptance of their £208-a-year pay award, announced last week, "pending clarification from the review body and the Government."

The doctors are waiting to see what is possible for July 31 to restore their lost standard of living under the next phase of pay policy. The committee agreed to ask for the immediate implementation of Britain's new pay policy, but for practice expenses, but added that movement in expenses should be monitored closely to determine whether any further increases would be required in the next year.

The committee recorded its appreciation of the comments made by the review body about the gross injustices to doctors arising from the incomes policy

Representatives of senior hospital medical staff meet next week, and the hospital junior staff who have already expressed reservations about the review body's report, will meet on June 16 to receive reports from meetings being arranged in all regions.

The general practitioner reaction is a sign that the whole profession may decide to reject the award and press for a second review this year.

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NSM has been developed following an extensive research
programme over many years, financed jointly by Imperial Tobacco
and ICI.
NSM is a wholly British development.

The objective in developing NSM has been to convert natural plant material into a form which might help to reduce the risks which medical authorities have associated with cigarette smoking.

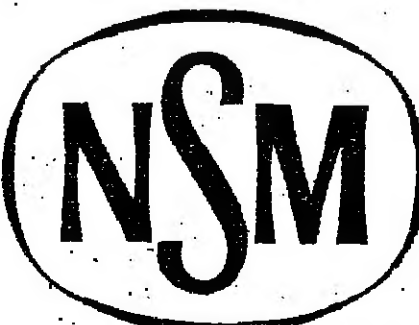
A programme of laboratory research has been completed to the satisfaction of the Independent Scientific Committee on Smoking and Health[□] which has agreed to the use of NSM in certain cigarette brands. □ The Hunter Committee, appointed by H.M. Government.

Research has shown that when NSM burns, it produces smoke which is different in both its nature and its effects from that produced by Virginia tobacco:

- 1. NSM produces less than one-third as much tar.**
- 2. NSM produces not just less tar but tar which is about one-third as biologically active** (when measured by a standard mouse skin painting technique).
- 3. NSM produces a less irritant smoke.**

The extent to which these attributes of NSM are effective in a product made from a blend of NSM with Virginia tobacco will depend on the specification of the cigarette and the proportion of NSM and tobacco in the blend.

Cigarettes containing NSM tobacco substitute will be available in July.



Issued by New Smoking Materials Limited

*Trade mark of New Smoking Materials Limited

HOME NEWS

Symbolic venue for opening of election campaign tour
Mr Cosgrave remains unbending

From Christopher Walker
Bailina

As a politician renowned for his uncompromising opposition to republican extremists, Mr Liam Cosgrave, the Irish Prime Minister, could not have picked a more symbolic venue than Bailina, Co Mayo, to open his national campaign tour. To all outward appearances a peaceful, easygoing west of Ireland market town, two recent funerals for hunger strikers have made it an international byword for the Provisional IRA, a fact resented by most residents.

Less than a mile from the street corner where Mr Cosgrave addressed an enthusiastic crowd on Wednesday the effects of his coalition's tough law and order policy can be seen in a sprawling hillside cemetery known as The League. The coffin of Frank Stagg, who died in Wakefield prison, remains in the family grave where it was buried in February, 1976, amid one of the largest security operations ever undertaken by the Irish government.

For months after the funeral a police guard was mounted day and night to prevent IRA supporters from transferring the body to the republican plot

near by where another IRA "martyr", Michael Gaughan, is buried. Local rumour has it that cement was poured into the grave to frustrate the Provisionals' wishes.

Against that macabre backdrop, the Prime Minister was introduced under the suitably conservative slogan: "Leave the country safe with Liam." Although past 10 pm, a crowd of more than 400 turned out to support his attempts to return the Fine Gael Labour coalition for its second term.

"If I was not for Liam Cosgrave today", they were told by Mr Martin Finn, one of three government candidates contesting this vital marginal constituency, "you could all be in a civil war and your country locked in strife." The sentiment was acknowledged with the sort of spontaneous applause that adds credence to claims by ministers that the coalition's unbending (and to many critics, illiberal) stand on security has struck a deep chord with most Irish electors.

From the outset of the election Mr Cosgrave has made clear that his message will be to equate national security with

economic stability. He wasted no time in getting that point over to the voters of Co Mayo, having abandoned his prepared script for an impromptu speech delivered forcefully from the back of a farmer's lorry.

"We do not talk about stability, or security merely to have something to say", he said. "For unless you have stability, unless you have confidence in the institutions, whatever they are, then you cannot get external aid, or for that matter, internal investment."

The many teenagers in the crowd served as a stark reminder that the attitude of young, first-time voters who make up a fifth of the electorate will be crucial. They were regaled with the spectre of the emigrant ship, which the coalition repeatedly insists has been banished from the traditionally depressed west by its concentration of industrial development in the region.

No direct reference was made to the IRA, but the tone of the meeting left little doubt that the same unbending approach that marked the handling of the Stagg funeral will be maintained if the coalition is returned to power.

Supporter killed with brick

John Dunn, aged 16, of Dinton Fields, Cambridge, was sentenced at Norwich Crown Court yesterday to three years' detention for the manslaughter of a rival football supporter.

Dunn was said to have hung out of a car travelling at 40 mph and to have thrown a brick, killing a Wolverhampton supporter.

Chlorine leak

Ambulances and cars took 80 schoolchildren to hospital yesterday after a chlorine gas cylinder had leaked at the public swimming pool at Chichester, Sussex. They were later discharged.

Men rejected by Britain and Pakistan

By Our Home Affairs Correspondent

Lord Brodway is raising with the Home Office the cases of two holders of British passports who have been sent to and fro between Britain and Pakistan and are now in custody.

Mr Ian Martin, deputy general secretary of the Joint Council for the Welfare of Immigrants, said yesterday: "They are disgraceful instances of a disgraceful policy and again make clear that to be a non-partisan British national not only conveys no effective rights

Newspaper apologizes to 10 Labour MPs

A newspaper apologized in the High Court yesterday to 10 Labour MPs for publishing "reckless allegations" by Mr Iain Sprout, Conservative MP for Aberdeen, South.

The *Birmingham Post* and *Mail* agreed to pay libel damages and costs to Mr Iain Sprout, in whose constituency *The Birmingham Post* circulates, and to pay the costs of the nine other MPs: Mrs Judith Hart, Mr Ian Mikardo, Mrs Renee Short, Mr Norman Atkinson, Mr Martin Flenner, Mr Arthur Latham, Miss Joan Maynard, Mr John Mendelson and Miss Josephine Richardson.

Announcing the settlement

Mr John Wilmer, QC, their counsel, told Mr Justice Ackner that *The Birmingham Post* published an article on November 16, 1976, headed "Tory accuses 'fifth column'". The article, in reporting a "purported speech" by Mr Sprout, made serious and damaging allegations against the MPs, each of whom was named.

The allegations included that they were "crypto-communists"; that they were part of a fifth column that held views totally alien to the democratic Labour tradition; and that it was their aim to turn Britain into a totalitarian East European State.

WEST EUROPE

Russians continue to improve design of TU144 airliner

From Arthur Reed
Air Correspondent
Paris, June 2

The Soviet Tupolev TU144 supersonic airliner was seen to have been almost completely redesigned, for the second time, when it arrived for the Paris Air Show, which opens tomorrow.

This is a very different aircraft from that which appeared at the last Paris show two years ago. It has a different wing, incorporating complicated canards and large leading flaps, and longer air intakes to the engines.

The TU144 which was here in 1975 was itself a different type from that which came in 1973 and crashed during a demonstration flight, killing all six crew.

This series of design changes, which must be costing the Russians the equivalent of many millions of pounds, is part of their continuing efforts to correct the technical faults which were inherent in the original design. These resulted in the aircraft having too much drag and using too much fuel.

Extensive areas of heat-resistant stainless steel are riveted on to the underside of the tail, indicating that the engines have to be run at a high power setting for far too long on each flight to make the TU144 economical.

These signs of technical problems gave a certain amount of satisfaction to British and French aircraft engineers who are at the show. Although the Concorde supersonic airliner which they developed together made its maiden flight in 1969 three months later than the Tupolev, they did their sums

correctly, and Concorde has now been in airline service for nearly a year and a half.

There is still no sign of Aeroflot putting the TU144 into service on their routes, and the Russians at the show were their usual uncommunicative selves when asked about prospects.

They were equally adamant that nobody from the West was going to get on board their new Airbus, the Bratslav 86, which they have flown here. Looking like a much larger Boeing 707, with four jet engines slung under its wings, it resembles a jumbo jet in size. It will carry 350 passengers.

Britain and France are in the embarrassing position of having each of their largest companies at the show displaying new airliners which are almost identical.

British Aerospace has the X-11 designed to carry between 136 and 166 passengers, while Aerospaciale is promoting the A200, with room for between 120 and 160 passengers. Both aircraft will be powered by the same type of engines, two French/United States CFM56s.

The X-11 is the airliner project which Lord Beswick, chairman of British Aerospace, said here earlier this week was seeking construction partners in France and West Germany. French aircraft industry executives were today urging Britain to come in on the A200.

One large advantage which the X-11 has over its French rival is its cost. Because it is based 40 per cent on the existing 1-11 airliner series, its development cost would be about £150m, while that of the A200 could be two and half times as much because it is virtually a new aircraft.



A hooded Moluccan gunman stands guard as two civilians unlock into the Dutch school where four teachers are held hostage.

Change sought in EEC grants system

From Michael Horsey
Brussels, June 2

A new method of dispensing grants from the EEC's regional fund was proposed today by the European Commission. The aim is to give the Commission more control over the projects to which aid is channelled and to make it more difficult for member states to use EEC funds simply as a substitute for national expenditure.

Outlining the proposal at a press conference, Signor Antonio Gualtieri, the commissioner responsible for regional policy, said that next year some 13 per cent of the regional fund budget should be kept outside the national quota system for use in tackling specific problems as they arise, even outside traditional development areas.

Signor Gualtieri and the Commission appear to have in mind the kind of difficulties now faced by steel and shipbuilding regions as well as problems that could arise as a direct result of the EEC's own policies. Special help could be needed,

for example, for fish-dependent regions as a consequence of the revision of the common fisheries policy.

Some 750m units of account (£490m) have been earmarked for the regional fund by the Commission in its preliminary draft of the EEC budget for 1978 which has yet to be approved by the Council of Ministers. Of this, about £65m would be reserved for the new type of quota-free aid.

The remainder would be allocated in accordance with the existing system of national quotas. This gives Italy 40 per cent, Britain 28 per cent, France 15 per cent, Germany 15 per cent, Ireland 6 per cent, Holland 1.7 per cent, Belgium 1.5 per cent, Denmark 1.3 per cent and Luxembourg 0.1 per cent. Britain's share would thus amount to about £120m.

Under another innovation suggested by the Commission members would be asked to show clearly in their national budgets the amount of resources received from the regional fund.

Baader jailed after lengthy trial

From Our Own Correspondent
Bonn, June 2

Three more members of the Baader-Meinhof group were convicted and sentenced at Kaiserslautern today. The case, which has been going on for 130 court days spread over 13 months, has been only by the trial of the Meinhof leadership a heinous, Stuttgart, which April, for length, c and controversy.

Manfred Grashof, and Klaus Jänschke, were each sentenced to imprisonment for murder. Grashof, 28, for four years for being a criminal associate illegally possessing a gun. The first two were guilty of a bank robbery at Kaiserslautern in which a police officer was killed. Herr Grashof found guilty of killing policeman in Hamburg before his arrest. Jänschke was found not murder.

Children injured by bomb at election meeting

From Our Correspondent
Madrid, June 2

A home-made bomb injured two small boys at an election meeting of the Galician Socialist Party in a school near Orense last night.

The boys, aged six and eight, were looking in through an open window at the meeting when the bomb—consisting of explosives in a bottle with a burning wick—went off. They were the only ones hurt. The police later arrested a Portuguese quarry worker.

In Madrid, the controversy continues about whether there is a secret agreement between Senor Manuel Fraga Iribarne, leader of the right-wing Pop-

ular Alliance, and Senor Adolfo Suarez, the Prime Minister, who is the chief personality in the Centre Democratic Union.

A report that a meeting took place between the two men has been denied, but true or not, the report is expected to damage Senor Suarez by implying that he is in league with those who stand for everything the Franco regime represented.

The Cabinet met today to discuss the release of more political prisoners, in what appears to be an effort to get all of them out of jail before the election. One Basque who had been sentenced to death was exiled to Oslo.

Who filed more pharmaceutical patents in 1975 than any other company, helping to advance frontiers of medical science

Hoechst.

It's one of the world's largest companies. Last year it spent £200 million on research and development.

Hoechst in the UK employs over 8,000 people in laboratories and offices throughout the country.

In 1976, its UK company turnover of more than £300 million.

Its products in the UK, apart from pharmaceuticals, include proprietary medicines, pacemakers, veterinary products, fertilizers, agrochemicals, decorative and industrial pigments, office equipment, fibres, plastic, hair care products.

Hoechst

Some of Hoechst's pharmaceutical and veterinary products are produced in Swindon by the Pharmaceutical Research and Animal Laboratories at Milton Keynes.

For more facts, please write 'Care of Hoechst', Salisbury Road, Hounslow, Middlesex, Or 01-570 7712 ext. 3163.

EUROPE

Journalists the latest
get in Italian
campaign of violence

Nicholas
In Milan today
Signor Indro Montanelli, editor of the *Giornale dell'Espresso*, was shot in the back of the head by a gunman last night on his way home from a restaurant. The attack was the latest in a series of violent assaults on journalists and editors in the city.

woundings as "a new step in the strategy of provocation and terror". A party statement said: "Judges, officials, lawyers have already been victims. Now it is the turn of journalists. The aim was to paralyse justice, now the attack is directed against the liberties of the press and of expression."

Smiles at
lks
Vietnam

Own Correspondent
A round of talks between United States and Vietnamese negotiators in the normalization of relations is expected to be held in Washington today.

Porters to go
on strike
at Rome flats

From Our Own Correspondent
Rome, June 2
About 7,000 apartment porters in Rome are abandoning their lodges tomorrow for a one-day strike.

Nuclear capacity disparaged
ne has come of age
ne-made deterrent put
isplay by French

Les Hargrove
The present French submarine missile has a shorter range than the British Polaris (2,500 miles to 4,000 miles), and has single half-megaton warheads (as opposed to Polaris's triple warheads). But Vice-Admiral Lasserre, commander of the nuclear submarine fleet, says multiple warheads will be in service by 1983 or 1984, while France's fourth nuclear submarine, *l'Indomptable*, is already equipped with 16 missiles with greater range and a one-megaton thermonuclear warhead.

The strategic missile base on Plateau d'Albion has also been described as highly vulnerable to Soviet missile attack. But General Imbert, commander of the First Strategic Missile Group, said that the sites of the 18 French missiles were dispersed over 90 square miles, and each site was built to withstand a nuclear charge of one megaton at a distance of 500 yards. To destroy all 18 missiles would require several hundred hits.

The Granada Guildhall Lectures 1977

VISION TODAY AND
TOMORROW

Three lectures following the Report of the
Committee on the Future of Broadcasting

Tuesday 21 June 8.30 pm
Sir Charles Curran,
General, British Broadcasting Corporation

Monday 27 June 8.30 pm
Sir Brian Young,
General, Independent Broadcasting Authority

Monday 4 July 8.30 pm
Lord Annan, OBE,
Committee of Inquiry on the Future of Broadcasting

Granada Guildhall Lectures, 36 Golden Square,
London W1P 8AA, for tickets

OVERSEAS

Mr Ecevit
told about
plot to
shoot him

From Robert Fisk
Rize, N Turkey, June 2
Mr Bulent Ecevit, leader of the Republican People's Party, received a letter today from Mr Suleiman Demirel, the Turkish Prime Minister, warning him that someone intended to shoot him in Istanbul tomorrow. The general election takes place on Sunday.

Mr Ecevit's aides handed journalists on an aircraft taking him to his final election rally copies of the letter, which told him that someone would fire at him from a window of the Sheraton Hotel behind Istanbul's Taksim Square.

Mr Ecevit said he believed it to be an attempt to persuade him to cancel his last rally in the northern town of Rize.

Australia seeks a larger
share of Europe market

By Derry Hogue
The fact that Mr Malcolm Fraser, the Australian Prime Minister, felt the need to reassure Mansion House luncheon in the City of London yesterday of the continuing ties between his country and Britain seemed to symbolize the growing differences rather than the continuing tradition.

Japanese denies
charges in
Lockheed case

Tokyo, June 2—Yoshio Kodama, the wealthy Japanese businessman charged in connection with the Lockheed deal, today made his first public appearance since the affair broke 15 months ago to answer court charges relating to it.

Recovery blueprint for the
Sahel region approved

From John Best
Ottawa, June 2
A long-term economic plan for the Sahel region of Africa, afflicted by severe drought a few years ago, has been adopted at an international conference here. The first phase of the programme, ending in 1982, will cost at least \$3,000m (about £1,765m).



Sir Seretse Khama, President of Botswana, with his wife Ruth and their grandson arriving at Heathrow airport, London, yesterday for the Commonwealth conference next week.

Mozambique incursion
'only for self defence'

From Richard Cecil
Salisbury, June 2
Mr P. K. van der Byl, the Rhodesian Foreign Minister, today denied that Rhodesia had invaded Mozambique.

Mr van der Byl said that Rhodesia was not invading Mozambique but was in a state of self-defence. He said that Rhodesia was in a state of self-defence because of the incursions of the Mozambique Government's army into Rhodesian territory.

Artillery duel on
the Israeli
border reported

Beirut, June 2—Right-wing Lebanese forces and Palestinian guerrillas exchanged heavy artillery fire near the Israeli border today, residents reported. They said Israeli guns joined the barrage, bombarding Palestinian and leftist positions.

The growth of
two classic styles of sherry.

Today, as you read your newspaper, white Palomino grapes are in their early stages of growth on the gently rolling hills around Jerez de la Frontera.



The growth of two classic styles of sherry. Today, as you read your newspaper, white Palomino grapes are in their early stages of growth on the gently rolling hills around Jerez de la Frontera. They will ripen slowly throughout the summer, and be ready for harvesting in September. A critical time, for if picked too soon the harvest would not have reached its full potential; picked too late and the grapes would have withered in the heat of the Spanish sun.

Helsinki monitors say
progress inadequate

By Richard Davy
Lord Thomson of Monifieth, the former Labour Minister, said yesterday that there had been inadequate progress and even "important reverses" in the implementation of the Final Act of the Helsinki conference, which was signed a year ago.

Nevertheless, he believed the conference had been a significant step in the long drawn-out attempt to improve East-West relations in Europe.

Passengers
flee fire
on luxury
ship

Kuala Lumpur, June 2—More than 600 passengers, many of them schoolchildren, were hurried to safety today when fire broke out in the bow section of a luxury cruise ship in the Straits of Malacca off the west coast of Malaysia.

None of the passengers was reported hurt, but two crew members died fighting the fire and three were listed as missing.

Likud fails to
make progress
towards coalition

From Moshe Brilliant
Tel Aviv, June 2
Likud and the Democratic Movement for Change resumed their coalition negotiations today after a week's break but no progress was reported.

The Likud negotiators were headed for the first time by Mr Beigia, who presented a draft of proposed basic principles to guide the next government.

Accused women disappear

From Our Correspondent
Athens, June 2
Three British women charged with possessing and circulating counterfeit banknotes failed to report to the police in Athens yesterday as required by the terms of the £500 bail granted to them earlier this month.

They are assumed to have fled Greece.

OVERSEAS

Last two Watergate conspirators must go to jail this month

From Patrick Brogan
Washington, June 2

The last two Watergate conspirators will go to jail on June 22 unless their lawyers can obtain a last-minute reprieve from the Supreme Court.

Mr John Mitchell, who was once Attorney-General, and Mr H. R. Haldeman, who was once Mr Nixon's chief of staff, were not in court today when Judge John Sirica announced the decision, but they will probably have to appear before him next week.

Today's proceedings were informal, but decisive for all that. The two men's appeals to the Supreme Court, together with that of their fellow-conspirator and former colleague, Mr John Ehrlichman, were rejected on May 23. They have until June 17 to ask the court to reconsider its verdict, and intend to do so.

June 17 will be the fifth anniversary of the burglary of the Democratic National Committee's headquarters in the Watergate building here which led eventually to the resignation of President Nixon and to the jailing of most of the other conspirators. Only Mr Gordon Liddy, who organised the burglary, and Mr Ehrlichman, who began serving his sentence last year, are still in prison.

Mr Liddy will be eligible for parole this summer. Mr Ehrlichman, and Mr Haldeman, will have a long time to serve. Their sentences are eight years.

Their lawyers will appeal for reductions of sentences: Judge Sirica much reduced the sentences on those of the conspirators who pleaded guilty before him, as most of them did, and people like Mr John Dean, Mr Charles Colson, Mr Jeb Magruder and Mr Herbert Kalmbach spent little more than six months in jail.

Mr Mitchell, Mr Haldeman and Mr Ehrlichman, however, all pleaded not guilty. During his short presentation to the judge, Mr Haldeman's lawyer, Mr John Wilson, indicated one of the arguments which he evidently intends to put to the Supreme Court in his last attempt to have his client's conviction quashed.

"Since the appeal was decided," he said, "the former president of the United States, for 600,000 pieces of silver, accused our client of committing a crime, while the case was still sub judice."

He was referring to Mr Nixon's interviews with Mr David Frost, for which he was well paid, and in which he laid much of the blame for Watergate on his former assistants.

Third World report

Impact of British aid on economic patterns in five African states

By Melvyn Westlake

Foreign aid from the rich Western nations is a highly charged subject in black Africa, as elsewhere in the developing world.

Attitudes towards aid are decidedly ambivalent. On the one hand, African states cannot get enough money to raise living standards and eradicate poverty. On the other, aid arouses resentment at the suppurative status that it confers on the recipient.

It is not, after all, clear whether aid is generally beneficial. Does it, for example, increase income inequality? In the case of Kenya, and in Botswana too, the answer is probably yes. By contrast, British aid may have helped to lessen inequality in Malawi.

At least this is what is indicated in studies by Britain's Overseas Development Institute, an independent research body. The studies were conducted by a team of four between 1972 and 1976 to assess the impact of British aid on five African countries—Malawi, Botswana, Lesotho, Swaziland and Kenya.

The authors' conclusion is that in each case British aid, on balance, have a

beneficial effect on development. An assessment of the studies, which have already spawned three books, is presented in the latest edition of the institute's *Review* by Robert Wood and Kathryn Moran, respectively the director and former research officer.

Their judgment is that aid can help to maintain or increase average incomes and to raise total consumption, investment and savings. But one important reservation concerns the impact of aid on income distribution. During the period under review there was little evidence that income distribution in any of the five countries became more equitable. Indeed, it is arguable that inequality increased in most of them.

For example, the Botswana Government placed chief emphasis on economic growth and budgetary self-sufficiency, paying little attention to problems of employment creation and income distribution and showing a marked urban bias in its policies and expenditure patterns.

Although the Ministry of Overseas Development was not happy, it did not take a strong line. So British aid, by and large, merely helped the Bot-

wana Government to go its own way, the study suggests.

Another socio-political argument against aid is that it fosters the emergence of a compliant state. However, Britain does not appear to have had any conscious intentions of this sort in its aid policy towards the countries studied.

But it is true, the studies assert, that political and commercial interests played a part in determining the level (and, to a lesser extent, the terms) of British aid. Moreover, the allocation between the five countries bears little relation to their need, potential, or development efforts.

Thus, British aid to Swaziland per head of population increased threefold, in the 1972-74 period compared with 1970-71, although the country already has the highest income per head of the five nations studied. The corresponding increases for Kenya, Malawi and Lesotho, the three with the lowest per capita incomes, were 6, 9, and 27 per cent respectively.

British aid, the report adds, has been much too secretive in the five states. This has proved counterproductive in bilateral relations.

Monarchists expected to win election in Morocco

Rabat, June 2.—Independent candidates describing themselves as "unconditional monarchists" are expected to win the Moroccan general election tomorrow.

The independents, who are putting up 455 of the 1,022 candidates for 176 seats in Parliament, have fought the campaign under the royal banner with a doctrine they call "hassanism".

King Hassan has carefully avoided endorsing the independents or any of the parties contesting the election. He has merely urged voters to be realistic in their choice.

Almost the entire Government whose Prime Minister, Mr Ahmed Osman, is the King's brother-in-law, supports the independents and many ministers are standing for re-election.

Far from joining forces against the independents, the seven opposition parties appear to have sharpened their rivalries with the approach of polling.

There was a violent incident last weekend when supporters of the two main opposition parties, the old-guard Istiqlal and the leftist Socialist Union of Popular Forces (USFP), clashed after a political rally.

Istiqlal said that one of its supporters was killed and seven injured by "fascists and totalitarianists", meaning the USFP, the left-wing party blamed the incident on the "bourgeois and reactionary" Istiqlal.

Such exchanges have made clear that no electoral alliance exists between the Istiqlal's 161 candidates and the USFP's 141. It is any likelihood of a parliamentary coalition in the immediate future, leaving the way open for an independent majority.

Last November and in January this year, independents won about 65 per cent of the seats in elections for local government councils and professional bodies.

The voting pattern in the general election is expected to be similar. However, Istiqlal and the USFP may improve their showings slightly because they have waged a very vigorous campaign.

The independents' manifesto declares that they are "unconditionally monarchist" and their political doctrine is "hassanism"—the policies King Hassan has pursued since he came to the throne in 1961.

Mr Ahmed Alsaoui, a former information minister, said in a leading article in the pro-Government daily *Le Matin* that national tradition based on Islam laid down that "the King must not only reign but also rule". Consequently, he was head of the executive and he took all decisions, not the Government, Mr Alsaoui said.

The outlook for the Moroccan throne is seen as markedly different from the situation seven years ago when the last legislative elections were boycotted by the main parties on the grounds that they were rigged.

The resulting rubber-stamp Parliament was dissolved by the King, the army tried twice to overthrow the monarchy and leftists staged an abortive uprising, all in the space of three years, and the King's prestige was seriously eroded.

Since then however King Hassan has staged a considerable recovery, thanks mainly to his successful campaign to persuade Spain to hand over the Western Sahara to Morocco and Mauritania after he sent 350,000 unarmed people into the territory on the so-called "Green March".

In November, 1975, Spain ceded the Western Sahara to Morocco and Mauritania despite Algerian objections. Algeria maintains that it should be handed over to the people of the territory.

The Saharan campaign forged national unity in Morocco and helped to defuse discontent. It was supported by all shades of opinion from extreme left to right and created a strong sense of nationalist fervour that the King has now channelled into the electoral campaign.—Reuter.

Colombia acts to stop growing of marijuana

Bogota, June 2.—A marijuana-growing region was declared a military zone by the Colombian Government yesterday. A 75-acre marijuana farm was discovered about 10 days ago in the region—the Guajira area, which borders Venezuela.

Peasants in the area have been giving up their traditional crops to sell marijuana at high prices to smugglers, mainly from the United States. Mexico City: The Mexican Army has destroyed 426,000 tons of marijuana plants, four-fifths of the country's production, General Felix Galvan, the Defence Secretary, has announced.

Twenty-five foreigners and 877 Mexicans were arrested during the operation and 25 aircraft, 1,521 firearms and 176 vehicles were seized, he said. The operation covered three states about 200 miles from the United States border.—Agence France-Presse.

19 reported dead in Indian heat wave

Delhi, June 2.—A heat wave has caused the deaths of 19 people in the eastern state of Bihar, it was reported today. In Delhi, the temperature reached 42.5°C (108.5°F) yesterday.—Agence France-Presse.

ENTERTAINMENTS

When telephoning use prefix 01 only outside London Metropolitan Area

OPERA & BALLET

COVENT GARDEN, 340 1066 (Opera)
TODAY: The Royal Opera
TOMORROW: The Royal Opera
WEDNESDAY: The Royal Opera
THURSDAY: The Royal Opera
FRIDAY: The Royal Opera
SATURDAY: The Royal Opera
SUNDAY: The Royal Opera

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SPORT

Racing

Unhappy Exceller is coaxed home by the French cavalryman

By Michael Seely

The French jockey Gerard Duboucq revealed himself as the rising star in French racing when Exceller to victory in the Coronation Cup at Epsom yesterday. Exceller's neck win over Quiet Fling looked cleverly gained at the finish, but Duboucq had no more considerable difficulties in winning.

The 13-8 favourite stumbled on leaving the stalls, thereby losing several lengths. Snuggler's pace-maker Reharsol was another sufferer, but soon recovered and raced into the lead. Halfway down the hill going to Tottenham, Snuggler's pace-maker Reharsol was another sufferer, but soon recovered and raced into the lead. Halfway down the hill going to Tottenham, Snuggler's pace-maker Reharsol was another sufferer, but soon recovered and raced into the lead.

Below the distance Quiet Fling went to the front but was almost immediately passed by Exceller. The last furlong was an extraordinary sight to watch as Piggott was wisely unwilling to punish Quiet Fling after his interrupted preparation and Duboucq was also being as tender as possible on Exceller. But a study of the head-on picture showed the camera patrol film revealed the truth of the matter.

In the closing stages Exceller kept duelling the left and the French jockey showed considerable dexterity and strength with his left hand preventing his mount from boring into the second. "Exceller had hated the hill", Duboucq told me. "And the last two furlongs he thought he had gone lame in his near more."

The veterinary surgeon who gave Exceller a routine examination after the race said that the four-year-old was extremely sore in that leg.

The 23-year-old Duboucq is now serving with the French cavalry at Compiègne, but manages to find the time to mix racing with his military duties. "And I can assure you the discipline is just as strict with the cavalry as it is with the French Army", Duboucq added with a smile.

Duboucq is riding Crystal Palace for Mather in the French Derby, the Prix de Jockey Club, and Sunday for which there are 19 acceptors. Eddery will be on Mather's other runner, Indio. Those declared also include the Prix Lupin winner, Phary.



The French trained Exceller (left) wins the Coronation Cup from Quiet Fling (Lester Piggott) at Epsom yesterday.

Exceller's next target is the 121 furlong Grand Prix de St-Cloud on July 3. Nelson Burke-Burn's colt is a magnificent looking individual, but is a poor walker and very straight in front. This explains why he failed to handle the hill yesterday and probably also why he only fetched \$25,000 at the Keeneland Summer Sale as a yearling, a comparatively small sum for an animal by Vagueur Noble out of a mare from a prolific winner-producing family in the United States.

With the retirement of Noel Murless, Francois Mathet is now the elder statesman of the training profession in Europe. Yesterday's victory gave Mathet his fourth success in the Coronation Cup. Exceller's win following those of Tantième, Dicta Drake and Relko. He has also added two Derby winners, Phil Drake in 1955 and Relko in 1963. Mathet expressed himself as delighted with Exceller's running in the Derby. "I am very pleased", he said, "that Exceller has won the Derby. He is the best milier in Europe, but simply failed to win the Derby on Wednesday." Blushing Groom will now be aimed at the Group One Jacques de Marais at Deauville on August 1.

The chief supporting race the Rosebery Memorial Handicap re-

ported to the Jockey Club towards the behaviour of Vincent Marinsky's mare, who interfered with Relko in the Coronation Cup on Wednesday.

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The question of Marinsky's behaviour when saving Relko in the Diamond Stakes on Wednesday has been referred to the Stewards of the Jockey Club, who will hold an inquiry into the incident before Royal Ascot.

Marinsky reported

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Amboise should not be remotely ill at ease

By Michael Phillips

Amboise today is in a position to be remotely ill at ease. He is not only a short head by the margin of his first appearance on the racecourse, but he is also a short head by the margin of his first appearance on the racecourse. He is not only a short head by the margin of his first appearance on the racecourse, but he is also a short head by the margin of his first appearance on the racecourse.

Yesterday our Newmarket Correspondent reported that Amboise was not only a short head by the margin of his first appearance on the racecourse, but he is also a short head by the margin of his first appearance on the racecourse. He is not only a short head by the margin of his first appearance on the racecourse, but he is also a short head by the margin of his first appearance on the racecourse.

Amboise's next target is the 121 furlong Grand Prix de St-Cloud on July 3. Nelson Burke-Burn's colt is a magnificent looking individual, but is a poor walker and very straight in front. This explains why he failed to handle the hill yesterday and probably also why he only fetched \$25,000 at the Keeneland Summer Sale as a yearling, a comparatively small sum for an animal by Vagueur Noble out of a mare from a prolific winner-producing family in the United States.

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The waiting game is almost over for Wales

By Norman Fox

Football Correspondent

Sponsorship, the subject of much heart searching within the Football Association, again comes to the surface today. At the annual meeting of the FA it is expected that discreet advertising on players' shirts will be approved, thus allowing clubs to offer sponsors something visual for their money.

But there is bound to be stubborn opposition from those who hold the traditional view that the game will immediately lose its amateur status. The obvious danger is that the sponsors' demands can grow as the sport or club becomes more dependent on the income provided.

Sudden withdrawal of backing can place a club in severe financial difficulties. The obvious danger is that the sponsors' demands can grow as the sport or club becomes more dependent on the income provided. Sudden withdrawal of backing can place a club in severe financial difficulties. The obvious danger is that the sponsors' demands can grow as the sport or club becomes more dependent on the income provided.

FA may open door to 'discreet advertising'

By Norman Fox

Football Correspondent

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MacLeod seeks to end lingering disappointment

By Norman Fox

Football Correspondent

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Epsom programme

[Television (IBA): 2.00, 2.35, 3.10 and 3.40 races]

2.0 CATERHAM STAKES (2-y-o: £1,612: 5f)

1-10 Chichester, 1-11 Lure, 1-12 Pontic Vecchio, 1-13 Lure, 1-14 Lure, 1-15 Lure, 1-16 Lure, 1-17 Lure, 1-18 Lure, 1-19 Lure, 1-20 Lure.

2.35 MICKLEHAM AUCTION STAKES (2-y-o maidens: £1,912: 6f)

1-10 Chichester, 1-11 Lure, 1-12 Pontic Vecchio, 1-13 Lure, 1-14 Lure, 1-15 Lure, 1-16 Lure, 1-17 Lure, 1-18 Lure, 1-19 Lure, 1-20 Lure.

3.10 SANYO HANDICAP (54.207: 13m)

1-10 Chichester, 1-11 Lure, 1-12 Pontic Vecchio, 1-13 Lure, 1-14 Lure, 1-15 Lure, 1-16 Lure, 1-17 Lure, 1-18 Lure, 1-19 Lure, 1-20 Lure.

3.40 TADWORTH HANDICAP (3-y-o: £2,165: 7f)

1-10 Chichester, 1-11 Lure, 1-12 Pontic Vecchio, 1-13 Lure, 1-14 Lure, 1-15 Lure, 1-16 Lure, 1-17 Lure, 1-18 Lure, 1-19 Lure, 1-20 Lure.

4.15 DOWNS HANDICAP (3-y-o: £2,090: 13m)

1-10 Chichester, 1-11 Lure, 1-12 Pontic Vecchio, 1-13 Lure, 1-14 Lure, 1-15 Lure, 1-16 Lure, 1-17 Lure, 1-18 Lure, 1-19 Lure, 1-20 Lure.

4.50 CARSHALL STAKES (3-y-o maidens: £1,261: 14m)

1-10 Chichester, 1-11 Lure, 1-12 Pontic Vecchio, 1-13 Lure, 1-14 Lure, 1-15 Lure, 1-16 Lure, 1-17 Lure, 1-18 Lure, 1-19 Lure, 1-20 Lure.

5.00 GILLING STAKES (2-y-o fillies: £592: 5f)

1-10 Chichester, 1-11 Lure, 1-12 Pontic Vecchio, 1-13 Lure, 1-14 Lure, 1-15 Lure, 1-16 Lure, 1-17 Lure, 1-18 Lure, 1-19 Lure, 1-20 Lure.

5.30 SCOTTON HANDICAP (537: 6f)

1-10 Chichester, 1-11 Lure, 1-12 Pontic Vecchio, 1-13 Lure, 1-14 Lure, 1-15 Lure, 1-16 Lure, 1-17 Lure, 1-18 Lure, 1-19 Lure, 1-20 Lure.

5.45 GILLING STAKES (2-y-o fillies: £592: 5f)

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6.00 GILLING STAKES (2-y-o fillies: £592: 5f)

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6.15 GILLING STAKES (2-y-o fillies: £592: 5f)

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6.55 GILLING STAKES (2-y-o fillies: £592: 5f)

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7.15 GILLING STAKES (2-y-o fillies: £592: 5f)

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7.45 GILLING STAKES (2-y-o fillies: £592: 5f)

1-10 Chichester, 1-11 Lure, 1-12 Pontic Vecchio, 1-13 Lure, 1-14 Lure, 1-15 Lure, 1-16 Lure, 1-17 Lure, 1-18 Lure, 1-19 Lure, 1-20 Lure.

Epsom programme

[Television (IBA): 2.00, 2.35, 3.10 and 3.40 races]

2.0 CATERHAM STAKES (2-y-o: £1,612: 5f)

1-10 Chichester, 1-11 Lure, 1-12 Pontic Vecchio, 1-13 Lure, 1-14 Lure, 1-15 Lure, 1-16 Lure, 1-17 Lure, 1-18 Lure, 1-19 Lure, 1-20 Lure.

2.35 MICKLEHAM AUCTION STAKES (2-y-o maidens: £1,912: 6f)

1-10 Chichester, 1-11 Lure, 1-12 Pontic Vecchio, 1-13 Lure, 1-14 Lure, 1-15 Lure, 1-16 Lure, 1-17 Lure, 1-18 Lure, 1-19 Lure, 1-20 Lure.

3.10 SANYO HANDICAP (54.207: 13m)

1-10 Chichester, 1-11 Lure, 1-12 Pontic Vecchio, 1-13 Lure, 1-14 Lure, 1-15 Lure, 1-16 Lure, 1-17 Lure, 1-18 Lure, 1-19 Lure, 1-20 Lure.

3.40 TADWORTH HANDICAP (3-y-o: £2,165: 7f)

1-10 Chichester, 1-11 Lure, 1-12 Pontic Vecchio, 1-13 Lure, 1-14 Lure, 1-15 Lure, 1-16 Lure, 1-17 Lure, 1-18 Lure, 1-19 Lure, 1-20 Lure.

4.15 DOWNS HANDICAP (3-y-o: £2,090: 13m)

1-10 Chichester, 1-11 Lure, 1-12 Pontic Vecchio, 1-13 Lure, 1-14 Lure, 1-15 Lure, 1-16 Lure, 1-17 Lure, 1-18 Lure, 1-19 Lure, 1-20 Lure.

4.50 CARSHALL STAKES (3-y-o maidens: £1,261: 14m)

1-10 Chichester, 1-11 Lure, 1-12 Pontic Vecchio, 1-13 Lure, 1-14 Lure, 1-15 Lure, 1-16 Lure, 1-17 Lure, 1-18 Lure, 1-19 Lure, 1-20 Lure.

5.00 GILLING STAKES (2-y-o fillies: £592: 5f)

1-10 Chichester, 1-11 Lure, 1-12 Pontic Vecchio, 1-13 Lure, 1-14 Lure, 1-15 Lure, 1-16 Lure, 1-17 Lure, 1-18 Lure, 1-19 Lure, 1-20 Lure.

5.30 SCOTTON HANDICAP (537: 6f)

1-10 Chichester, 1-11 Lure, 1-12 Pontic Vecchio, 1-13 Lure, 1-14 Lure, 1-15 Lure, 1-16 Lure, 1-17 Lure, 1-18 Lure, 1-19 Lure, 1-20 Lure.

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6.00 GILLING STAKES (2-y-o fillies: £592: 5f)

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6.15 GILLING STAKES (2-y-o fillies: £592: 5f)

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5.30 SCOTTON HANDICAP (537: 6f)

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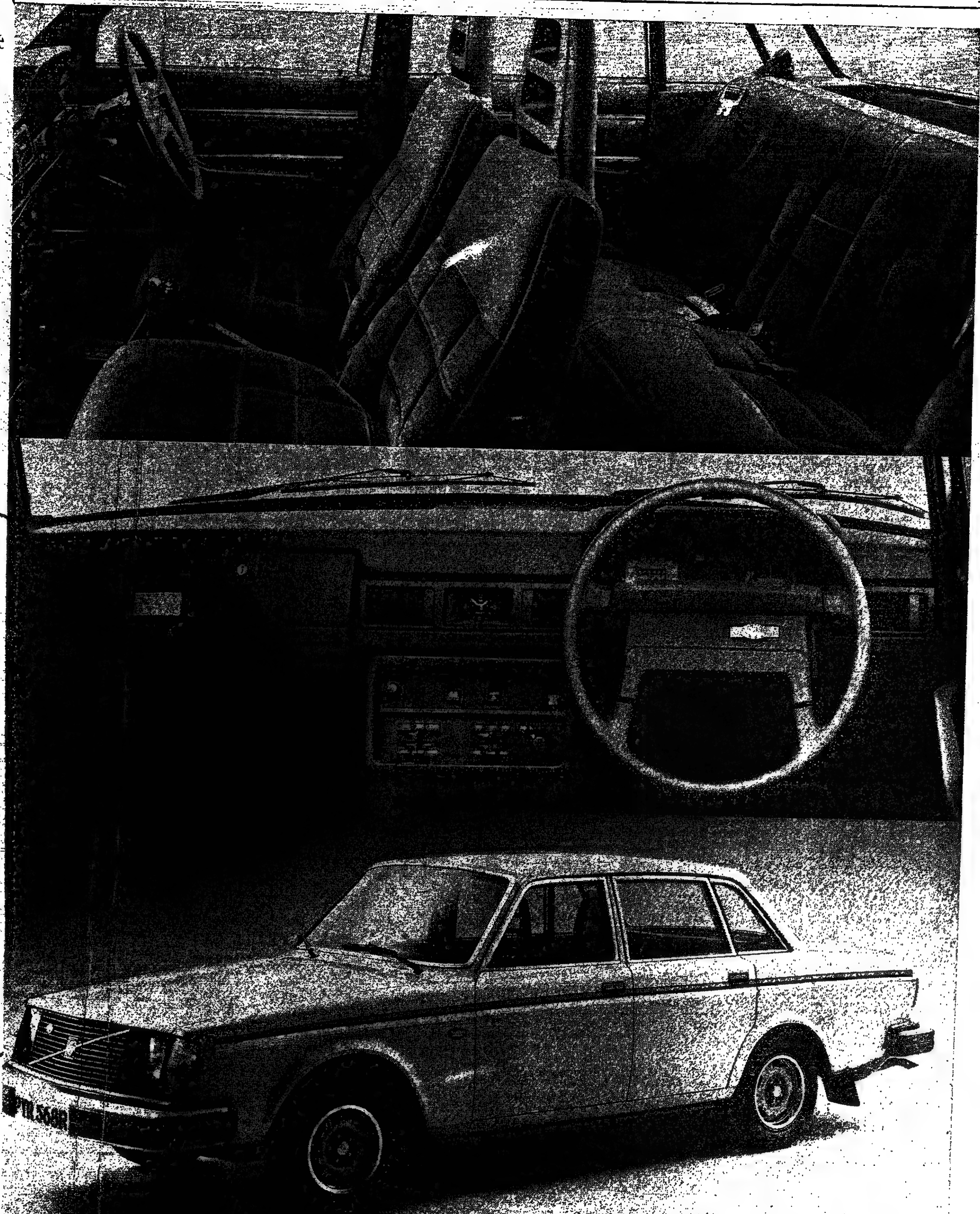
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One brave black man's hope for South Africa

With every preconception pulling him in the opposite direction, he came back from South Africa believing that real progress has been made and that it is likely that it will be maintained.

live with the left.

The emergence of overly communist regimes in any western European country would pose enormous security problems for Nato. But that is not the question I want to ask here. My question rather is whether the European Community could continue to function with any degree of effectiveness if one of its members

many blacks, by many whites (the positively Marian atmosphere of South Africa can be poignantly sensed in Lorne's astonishment that he was referred to, both in the white newspapers and in his face, as "Mr. Morrison," which would have been inconceivable at the time of his departure), in the fact that he was allowed to attend a white service in the Dutch Reformed Church, in the church he found among blacks—an attitude based on the demand for their rights coupled

In the current euphoria for a not read the article that they do not implicate, can be good in the apartheid; nor draw attention against of cruelty produced by its own prominent while frequently arrested by the police tend, due to full accidents anywhere. Nor, the just aspirant majority of Soweto place in their society, denied account of the class.

James Morison from Africa heard, and we heard he has it is not necessary with his no conclusions said; it is me assure you as him, well, to a such a steward and of complicity will show, who to be hopeful, he has seen is dawn. Meanw many of the kind do so because wrong, let hope be in right

© Times News

President Coolidge's visit to the White House, a demonstration of the power of Radio and the power of the human mind cannot be denied. The letters to the House.

The author
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The age of steam almost overtook the government machine on Wednesday while John Horam, the under secretary of state for Transport, and Lady

For a man who cannot write (or read) Tenzing Norgay Sherpa used his pen a great deal yesterday. In fact, he spent practically the whole morning writing.

I hope you are not reading this over breakfast. A New Jersey professor has just won a prize for a most unconventional kind of Quiche Lorraine. It was made with worms.

The sampling, and adjudication, took place at California's Polytechnic University. Some of the judges did not look as if they were enjoying it. It was small comfort to be told that the average worm is 73 per cent protein and contains only very little cholesterol.

The glad tidings about a pos-

The Jubilee firework display on going to be one of the brightest that the royal family gets a proper minor's) the windows of Shell M fresh straw put down in the build The authorities do not want the lawdows to be frightened by the set to graze in the car park until off. Pity the early parkers on Fri

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Separatists pose greatest challenge

A good news nation

by Peter Hopkirk

by Ivan Barnes

There is only one fundamental political issue for Canadians today—whether or not Canada itself will survive.

Some Canadians do not want it to. Some work actively for the breakdown of the Canadian confederation. Many see the dangers but are unconcerned over the outcome. A few would undoubtedly fight to try to ensure the country's unity.

What is certain is that there will be change. The uncertainty is to what extent the complex and often prickly relationship between the federal and provincial governments, which has existed for 110 years, will be altered. There could in the end be only minor adjustments, but the possibility exists that Canada will fall apart.

In Winnipeg in April Mr. Pierre Trudeau, Prime Minister of Canada, said: "Since November 15 Canada has been living through the greatest challenge to its nationhood since confederation."

The event to which this alarming statement referred was the victory in the Quebec provincial elections on that day of the Parti Québécois (PQ), led by Mr. René Lévesque. The challenge is that the PQ is a separatist party, aiming to make its province a country independent of the rest of Canada, though with some form of economic association.

It was not elected to break up the nation. In the past the PQ has lost elections that it fought on the issue of independence. This time it presented a "good government" platform. Quebecers were disenchanted with the corruption and inefficiency of the Liberal Government of Mr. Robert Bourassa and the PQ swept in with 93 of the 110 seats in the 110-seat National Assembly against 23 for the Liberals and 11 Union Nationale. The PQ's victory took about 41 per

cent of the popular vote, the Liberals 34 per cent and the Union Nationale 18 per cent.

Thus it is often pointed out by federalists that the PQ, even when suppressing its independence aims and promising that it would not take its province out of Canada without the approval of the people expressed in a referendum, could not quell the fears of most of the electorate. This view is trying to have it both ways. If the 40 per cent of Quebecers who voted for the PQ were not voting for separation then it is disingenuous to claim that the other 60 per cent voted against it.

But who was voting for what in the election is now academic. If separation was not the issue on November 15, it is now. The PQ's aims are off and running. A referendum is promised (its timing is uncertain but the general expectation is that it will come in about two years) and ministers speak confidently of their future as an independent nation.

Something near to panic has broken out among the English-speaking minority of Quebec. Concern is scarcely less in the federal establishment while in the provinces anxiety and interest tend to diminish the further you are from Quebec.

Apart from separation itself, the most controversial issue to emerge since the election is the PQ French language charter, now before the Quebec National Assembly as, appropriately enough, Bill 1. As a first language about 80 per cent of Quebecers speak French. Bill 1 proposes to make French the sole official language in Quebec. It would end the traditional bilingualism in the province's administration and affect wide areas of life, including the courts, education, commerce and the professions.

Two aspects in particular have aroused the anger of English-speakers. First, the provision that new immigrants to the province—even those from elsewhere in Canada who speak only English themselves—will have to send their children to French schools, unless they go privately.

Second, there has been considerable opposition to the proposals for the increased use of French in business. Companies will have to be able to conduct their business in French, to communicate with their employees in French (if their employees wish it), even to have French names.

There is a widespread feeling among opponents of the Bill that firms which now do business mainly in English—and English-speakers within workers generally—will simply pack up and leave rather than adapt to these measures. This is already happening, though to what extent is difficult to say. It may be only a trickle at present but in the charged atmosphere of Quebec today it could easily become a flood.

Whether or not Quebec remains in Canada it is clear that life will never be the same again for English speakers there. Their power, crumbling for years, will be almost gone. For generations business has been dominated by English-speakers. The French have been almost excluded from the commercial establishment of the province. True, they have to blame themselves to some extent.

Until the "quiet revolution" of Premier Jean Lesage, in the early 1960s, their education, dominated by the Roman Catholic church, left them as a community poorly equipped for roles in commerce. They were, and to some extent still are, an agrarian, conservative people foreign in and removed from some vital mainstreams of North American society.

There has been a great deal of sound and fury over Bill 1, much of it unjustified. In simple terms it will merely give the French language the sort of position in Quebec that English enjoys almost everywhere else in Canada.

What worries many people is not simply the proposed legislation but the often fanatical, some say racist, tones of PQ ministers. Mr. Rodrigue Biron, leader of the conservative Union Nationale, told me the PQ seems to want a war over language. He paints an Orwellian picture of the future with "police everywhere" enforcing the language law. PQ ministers whom I met all insisted that there would be no fundamental changes in the Bill before it became law. It seems likely that the Bill may lose a little of its appeal, but not enough to upset most PQ supporters.

At federal level, Mr. Trudeau, while making clear his disapproval of the PQ's aims, is reserving judgment until he sees the final product. He said last month that on the whole Bill 1 is good legislation with "a noble and desirable aim," such as having the French-speaking people play a fuller part in the life of their province.

He felt there was bound to be an exodus of multinational companies and they cannot operate in English in Quebec.

Mr. Jean Chrétien, his Minister of Industry, Trade and Commerce, was less cautious. Minutes after leaving the Prime Minister, I listened to Mr. Chrétien describe Bill 1 as unnecessary, an attempt to rewrite history and "pretty frightening in my judgment." Mr. Chrétien, widely tipped as the man most likely to take over the leadership of the demoralized Quebec Liberal Party, added: "In the name of collectivity you can murder a lot of liberties."

Ministers in Quebec City seem unconcerned about the consequences of Quebec secession for the rest of Canada. Constantly they point to the "association" they plan for the independent Quebec and its neighbours. This will solve all problems, they insist.

They acknowledge that the Maritime Provinces are worried by PQ aims, but are unmoved. The premiers of the four western provinces, at a meeting last month ruled out any suggestion of association with an independent Quebec. Ontario's premier, Joe Stump, called the idea "foolhardy."

If Quebec goes there will be extreme bitterness in the rest of Canada and negotiating a common market would be difficult. With a third of the nation's population and economy gone and the country split into two wings the shock to rump Canada would be enormous.

The tendency for a "vertical" relationship with the United States is a real danger. If the "horizontal" link is shattered it is a real danger.

Two questions remain. First, is the PQ simply bluffing about separation to try to achieve a better deal within confederation? Second, will Quebecers vote to split Canada?

My impression is that the PQ is determined to take so much control over Quebec's affairs that a solution within confederation is barely possible. Also, any such agreement must lead to a weakening of central government in a country that is already much decentralized.

We know neither the date for the referendum nor, more importantly, the question(s). Opinion polls suggest that perhaps as little as 12 per cent of Quebecers favour total separation. It is inconceivable that the PQ cannot concoct a question to improve its chances. Furthermore, a "no" vote will not end the matter. The PQ clearly hopes to go on asking until it gets the right answer. It has been said its slogan might be: "If it first you don't concede, try, try again."

Many Canadians are convinced that the break-up of Canada is impossible but confess that this opinion is based on faith, not facts. A Canada can be created in which all Canadians feel at home. It will be difficult just now most Quebecers feel at home only in Quebec.

Few people today enjoy such a good name as the Canadians. Hard-working and law-abiding at home, generous with their affluence abroad and conscientious as peacekeepers called upon, they set a standard of civilized behaviour that few can match.

And yet, Canadians complain, although theirs is the world's second biggest country (China would fit inside its frontiers), its achievements and way of life go almost unreported. As a nation they might at times almost not exist, so slight is their impact on the world's headlines and television screens.

One has to admit they have a case. A recent Sunday edition of *The New York Times*, chosen at random, contained not a single item with a Canadian dateline, despite massive coverage of the rest of the world. Even minor South American republics merit more coverage than Canada.

Canadians are not news, just as Americans never cease to be. Canada has to be threatened with catastrophe—as today it is with balkanization—for it to attract any interest. Canada is a "good news" country, a veteran British commentator once said. And who is interested in good news?

For the Canadian dream is arguably a more successful version of the American one, but a duller one for all that. While enjoying a living standard comparable with that of the United States, Canadians have managed to escape the backlash of violence and corruption, neurosis and insecurity which is so newsworthy and so much a part of American life.

To most people therefore, Canada is America without the bad news.

continued on page VIII

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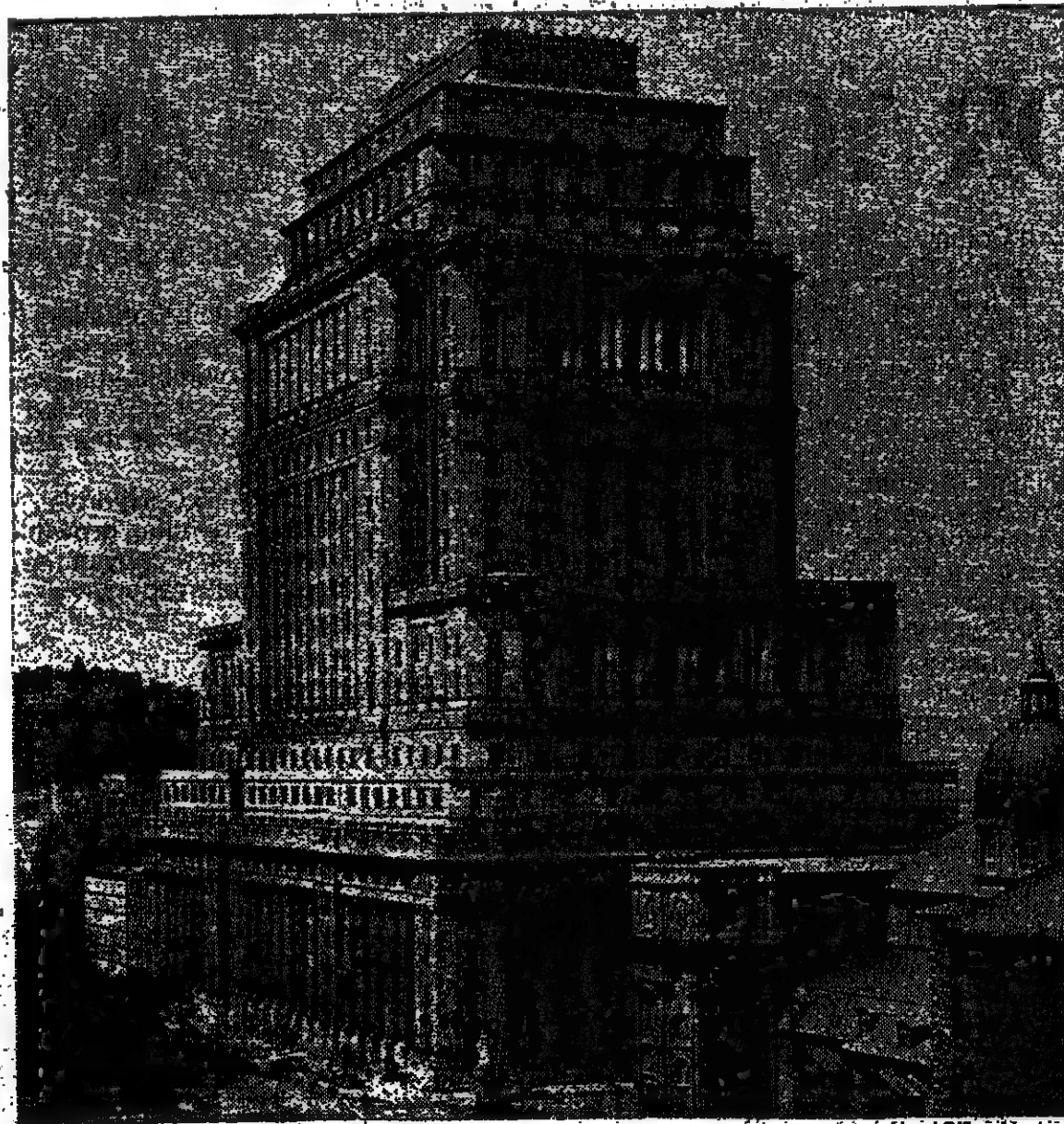
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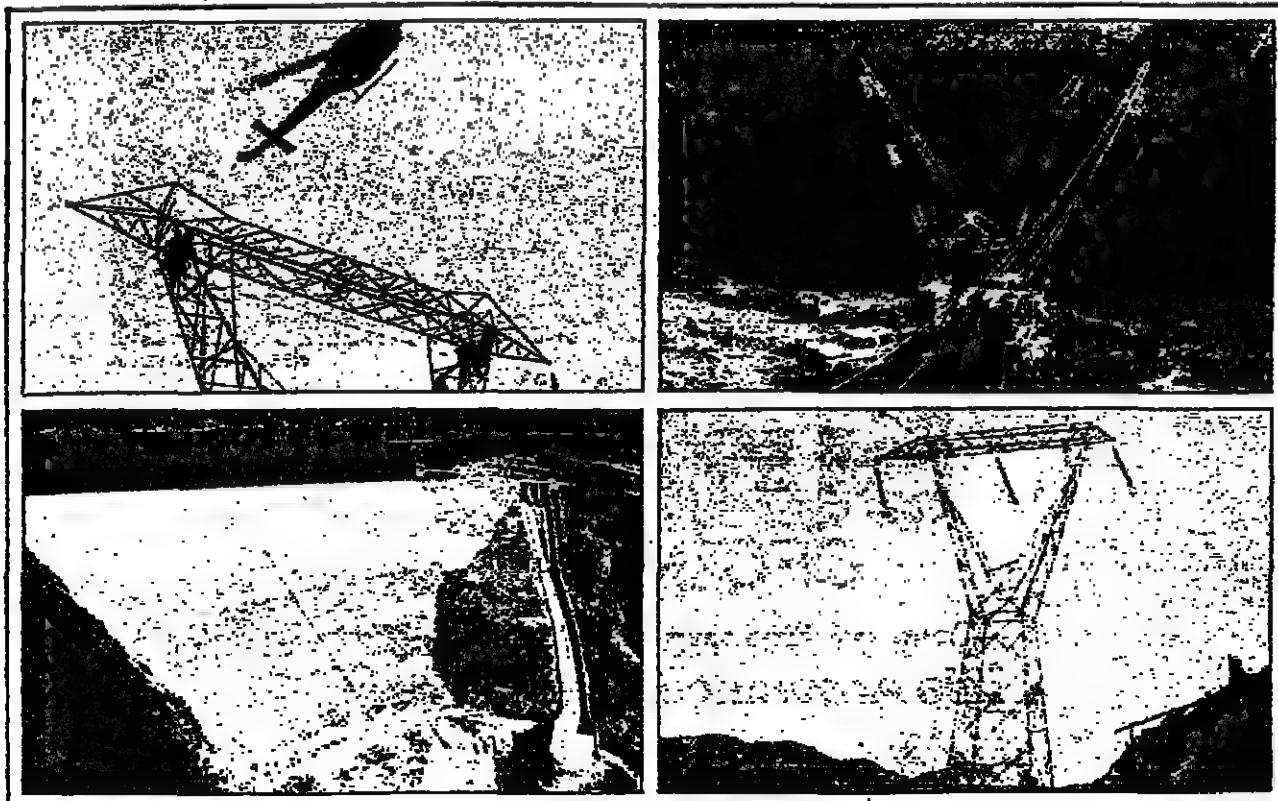
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Economic troubles bring few thoughts of disaster

by John Best

Canada is still in the grip of a two-year-old economic slump characterized by severe unemployment and persistent, although by some yardsticks moderate, inflation.

The near-term outlook is not such as to make the average Canadian jump with joy. One of the worst-housed of "stagflation" the country has ever known has yet to run its course.

The fact that there is now a separatist government in Quebec, dedicated to the destruction of the political status quo, is not going to help the country to pull out of its present malaise and start again to realize its immense potential.

So far Canada has managed to escape the direct economic consequences of last November's Fairbairn election victory. The Montreal business and financial community is suffering an acute case of jitteriness and the Canadian dollar has fallen on international money markets. Canadian bonds, especially Quebec bonds, are not quite as attractive in New York and elsewhere as they once were.

Still, the country is very much a going concern, if a deeply troubled one. That is probably due to a general feeling among Canadians that the country is not going to fall apart no matter what kind of government wilds power in Quebec city.

By almost any measure, Canada's 22 million people are not doing too badly. They still enjoy one of the world's highest living standards. However, the economy which supports those standards is the object of more worried examination by economists and would-be economists than ever before.

Foreign investment, on the whole, is holding up reasonably well. Last year, investment in Canada was a little less well, although, recently there have been some indications of increased consumer uncertainty.

Unemployment is a source of continuing deep concern. It reached 6.7 per cent in April, the highest rate of unemployment since the depression. Canada's unemployment rate is the highest among the seven industrial

nations that were represented at last month's Downing Street summit.

The number of workers without jobs is more or less the same as in much more prosperous states such as France, West Germany and Japan.

The sorry situation results in part from a worsening of Canada's trade position in relation to the United States, its chief competitor on world markets. While the industrial wage index in Canada is higher, productivity is 19 per cent lower than in the United States.

A recent report of the Conference Board in Canada, a private research group financed mostly by industry, made for sombre reading.

Total output will increase by only 3 per cent in real terms this year, compared with a modest 4.5 per cent last year, it forecasts. Its forecast for the federal Minister of Finance, has predicted a 4 per cent

Predictions based partly on drought fears

Real output actually declined in the fourth quarter of 1977, and growth so far this year has been modest, the board said.

Agricultural output was expected to decline, but the board said that a decline reaches the point where food supplies become tight, it could hurt the Government's continuing efforts to bring inflation under control.

Predictions of a slump in agriculture are based partly on the spectre of drought in the prairie wheat-growing provinces, which has been developing for some time. It is part of a dry-weather cycle that has already made its effects felt over large areas of the Canadian and American west and Pacific seaboard.

The outlook for the fishing industry this year is, if anything, worse. Largely because of depleted coastal stocks resulting from the uncontrolled operations of foreign trawlers. The industry is expecting a steady decline in catches for the next decade, thanks to the depletion of Canadian fishing limits to 200 miles since last January 1. The industry

employs 77,000 people directly and provides the economic base for 250,000 people in Atlantic Canada.

By comparison with many countries, Canada has been performing reasonably well in the fight against inflation. However, satisfaction with a year-over-year increase of 7.6 per cent in the consumer price index is

tempered by the realization that the rate of increase has actually been rising for a number of months. In the first quarter of this year, it surpassed 10 per cent on an annual basis.

There are a number of pressure points in the economy that will continue to make it difficult to hold large, steady gains against rising prices, quite apart from the general inflationary pressures felt by all industrial states.

One is the steady upward movement of Canadian oil prices towards the world level: they have been well below the world price since early 1974. Every new step in the Government's policy of gradual equalization works a new set of price increases across the Canadian economy. Canada's inconvertible decline into the position of being a net oil importer merely aggravates the cost pressures.

Another pressure point is the expected rise in food prices. The Government's programme of mandatory wage and price controls, introduced in the autumn of 1975, still officially has 19 months to run, although the stage is being set for an early end to the programme, beginning in the autumn.

The anti-inflation battle remains the Government's number one economic priority. Since Canada derives an exceptionally large share of its gross national product from exports, the country's economic wellbeing depends heavily on the ability to keep costs in line.

Any sharp jump in those costs is quickly reflected in a loss of jobs domestically. The erosion of the country's competitive position is partly due to the present high rate of unemployment. It has been offset to some extent by the decline in value of the Canadian dollar, which puts downward pressure on the price of Canadian goods. But in turn tends to increase the cost of imported goods, fueling inflation.

Even after the controls programme comes to an end, the Government will maintain some kind of monitoring agency to try to keep wages and prices in hand through less coercive methods.

While maintaining controls, and groping for the proper tools to contain inflation over the long haul, the Government is resisting demands that it spend the out of its present economic slump.

Thus its policies are only mildly stimulative, and taking into account the Government's own spending restraint they probably are closer to neutral.

Spending projections for 1977-78 are about 7 per cent higher than last year, a rate of growth one half that recorded in 1976 over the previous year, and only about a quarter the size of increases being recorded a few years ago. The growth in the federal public services has been brought down to near zero.

A constant refrain heard in the corridors of government and business is that Canada, with its comprehensive social welfare system, and the high expectations of its people, is living beyond its means. Mr. Trudeau, the Prime Minister, is fond of saying it, and so are some business leaders.

To help to put that right, it is being suggested that resources be shifted away from consumption into capital investment. The world's real estate market is more competitive, the result being to reduce the chronic imbalance which Canada suffers in its manufactured goods trade, and thereby put people to work.

The plan might involve a slowing down in the growth of real personal income, and perhaps a shift in the national income to such income: strong medicine for a people accustomed to an ever-improving standard of living.

The alternative, however, might be more unproductive debt, and carrying on a heavy burden of debt on the backs of the people.

Next year, Canadian borrowing in foreign markets is expected to total about \$8,000 million, a drop from this year, but huge reserves, such as the James Bay hydro development in Quebec are bound to borrow at high levels years to come.

Costly choices in year of decision on energy

by Jeff Carruthers

This is the year of decision for energy in Canada. Despite its worldwide image as an energy-rich country, supplies are running short. The choices are all expensive ones, starting with perhaps the most expensive and undoubtedly the most controversial—a \$10,000 pipeline system to connect natural gas fields in northwestern Canada and Alaska to markets in southern Canada and the United States.

Canadians, who like their American cousins are over-consumers of all forms of energy, but unlike their southern neighbours require a substantial fraction (up to 40 per cent) for home heating, have watched the cost of delivered energy double and even triple since the oil embargo in 1973.

Yet Canadians are paying some of the lowest prices for energy among the industrialized countries. The reason is that Canada still produces most of its own energy. The concern of the average Canadian about future prices and the concern of the energy industries and Government about expensive new energy options are not unrelated. Both spring from the activities of Opec, which continue to push up prices.

For the first time in decades Canada now imports more oil than it exports. Therefore it must now answer the questions: can it afford to continue relying on Opec for an increasing proportion of its oil (almost 10 per cent now); or can it afford to pay the high price of developing alternative supplies of energy?

Prices are rising anyway. There is an annual meeting at which the 10 provinces and the federal Government decide what the oil and gas prices will be domestically for the next year, starting July 1.

Initially, the Canadian Government set its sights on reaching world level prices by about 1980; but Ontario's arguments about the dangers of Canadian industries losing their competitiveness in the key would make heavy oils United States markets, much more saleable, both where energy prices are domestically and in the American export market.

Without such an upgrading plant (which would be heavy oil into a provincial electric utilities plentiful power.

reality that Canadian companies could be handed by existing refineries, most of the present heavy oil production is used to produce asphalt products instead of petrol and heating oils in Canada.

The other reason for the sudden interest in heavy oil is the continued heavy oil market in the United States, despite the phasing out of other oil exports to America between now and 1980.

That United States market will dry up when Alaskan oil arrives in a few years, but by then the oil companies hope to have found enough extra oil and have developed sufficient new extraction techniques (steam injection and fire flooding are the two most popular under development) to have heavy oils take over a substantial portion of Canada's own needs.

lighter synthetic crude are short of the capital needed for a cost of \$600 million. Luckily for Canada, new Carter Administration has indicated that it is willing to have an Alaskan pipeline.

gas-only pipeline across Canada, parallel to the heavy oil pipeline, highway into the north, all indications are that Mackenzie Valley pipe will be turned down.

There are reports of huge deep gas basins at the foot of the Rocky Mountains on the Alberta-British Columbia border—a basin comparable to the prolific San Juan basin which provides so much of the gas to the United States and Texas.

Canada also has large natural uranium deposits (already sold out for the next decade) and a nuclear power reactor system which uses heavy water as moderator and natural uranium as fuel.

But Government seems to be preparing to follow the United States Government policy to defer plutonium technology development, even while Canada needs to perfect plutonium fuel cycles if it is to achieve its own thorium near-breeder fuel cycle.

Even a temporary ban on plutonium fuel development could see Canada running short of uranium by the turn of the century.

There are also arguments over nuclear waste disposal. Atomic Energy of Canada, along with Ontario Hydro (the provincial utility with the most investment in nuclear power), are planning to build a waste storage and processing plant in northern Ontario turned into a route for Atomic Energy, and has become a focus for growing anti-nuclear movements domestically.

Canadians are just starting to take energy conservation seriously (primarily because of rising energy costs, particularly home heating prices) and are beginning to wonder aloud about the low priority in Canada given to alternative energy resources (such as solar and wind). But it is obvious that they are willing to pay a lot more for a provincial electric utilities plentiful power.

Mr. Trudeau sets the style



He has dominated Canadian foreign policy to an extent that not even Lester Pearson did when he was Prime Minister from 1963 to 1968, even though the latter had already made a name for himself as a Nobel Prize-winner when he was going to be boss in

foreign-policy action in global terms, was Canadian recognition of communist China in 1970. A number of other countries followed Canada's example, with the result that a diplomatic logjam against Peking was suddenly broken.

Investing in our future is a good investment in your future.



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The so-called "churned out" line-up of aircraft is scheduled for next year, which also saw the beginning of a reequipment programme unprecedented in the peacetime history of the Canadian forces, a programme expected to cost \$5,000,000 more in the next few years.

A multi-million dollar purchase of new, long-range patrol aircraft was the first item approved. Orders followed for German Leopard tanks, and for new cars. After that will come a new fighter aircraft, expected to cost \$2,000,000.

Then, provided the Cabinet approves a plan being prepared in the Defence Department, there will be a

It will involve replacement of the present, aging destroyer fleet with a new generation of highly automated destroyers requiring only 175 sailors to man each one, a quarter fewer than for present vessels of comparable size.

The first phase of the project would begin in the early 1980s and provide four to six warships costing perhaps \$150m to \$200m each. The next phase, for many more vessels, would come in the second part of the decade.

Miscellaneous items in the programme include anti-aircraft missiles and anti-tank missiles. Together they will cost \$56m.

The key to the programme is a budgetary formula worked out last year whereby the Defence Department is to get a 12 per cent real increase each year for five years for capital spending, starting this fiscal year. The rest of the defence budget will be increased sufficiently to offset inflation.

The capital programme will rise to \$800m in fiscal year 1981-82 in constant 1976 dollars, compared with \$470m in 1976-77. The total defence budget, which this year rose to \$3,790m from \$3,380m, is likely to approach \$6,000m after five years.

One remarkable thing about all this is that it is taking place while some other members of the western alliance are at best marking time in respect of resources committed to defence. The irony, of course, will not be lost on people in Canada and abroad who remember when the roles were reversed.

Another remarkable aspect of the programme is that it is occurring at a time of severe over-all Government spending restraint, when the growth of federal expenditures is being held to less than the growth of national production as part of

In view of the determined hold being maintained on government spending, it is perhaps surprising that the defence effort has enjoyed practically a free ride in terms of public opinion. Few voices have been raised against it, and even they

This may be about to change, however. A new organization called Project Ploughshares has been formed under the sponsorship of the Canadian Council of Churches. Its purpose is to "focus public concern about Canada's military policies."

It promises to explore some of the assumptions underlying defence policy, including the assumption that military spending creates employment and fosters economic vitality. Project Ploughshares will also be pushing the theme that money spent on armaments is money that might be spent for Third World development projects.

A detailed black and white woodcut-style illustration of a logging operation. In the center, a large tractor with a grapple is lifting a massive log. A worker stands nearby, and another is in the foreground. A small boat is in the water, and a cable system is visible on the right. The scene is set in a forest with trees and a body of water. The artist's signature 'DARTNAS' is visible at the bottom center.

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More than a million Britons have emigrated to Canada since the war and nearly 400,000 will go this year as tourists. On this and the facing pages, correspondents describe varied regions of the vast land.

Ontario: a magnet to the less fortunate

by John McHugh

For longer than most of its more than eight million residents can remember, Ontario has been known as the province of opportunity—and for good reason.

Straddling the important Great Lakes transport system, Ontario has long been Canada's industrial and economic heartland—its most populous and prosperous region. Ontario has the bulk of Canada's manufacturing industry, some of its most productive farmland, the bulk of its skilled labour force, and it is adjacent to, easily accessible to, the biggest North American markets.

Ontario has been like a magnet to the financially less fortunate—whether from inside Canada or abroad—with its factories,

office towers, forests and mines offering the good life, and all it entails. Moreover, Ontario has always cherished its role as the linchpin of confederation, willing to pay its share to keep Canada united.

Today, however, the Ontario dream is being affected by the cold dual realities of economic slow-down and Quebec independence. Like much of the industrialized western world, Canada—and Ontario as its most productive part—is experiencing high unemployment, slow growth, and persistent, if somewhat reduced, inflation.

While Ontario is much better off than nearly all the other nine provinces—defining its title as the province of opportunity—things are not hopeful economically.

Unemployment is running at about 7 per cent, industry is not producing up to capacity, and people are concerned that their pay

packages are not stretching as far as they did, even a decade ago.

Higher energy, housing and transport costs are eating into the take-home pay of Ontario's blue-collar and white-collar workers alike. Whether it is a car worker in Windsor, a miner in EBIOR Lake, a doctor in Toronto or a civil servant in Ottawa, Ontarians are generally concerned about the health of their province's once-vibrant, and seemingly invulnerable, economy.

It would be erroneous to characterize the prevailing mood as gloom—the crowds in the glittering boutiques and the crowded suburban shopping-centre parking spaces belie that—but it is certainly one of caution and concern for the future.

Ontario's taxpayers, like all taxpayers across Canada, are looking to their government to spend wisely, cutting back on the fat and excess of the heady, free-

spending years earlier this decade.

On top of this economic concern is that about the future viability of Canada as a nation, more specifically about keeping Quebec within the Canadian Confederation. For Ontario—Quebec's next-door neighbour and traditional economic and political ally—the anxiety over separation is probably greater than it is anywhere else in the country.

This anxiety is reflected in recent actions by the Conservative Government of Mr. William Davis, moving on several fronts to improve conditions for Ontario's 700,000-strong French-speaking minority.

These policy initiatives so far have seemed to meet with the approval of the bulk of Ontario's residents, who genuinely want Quebec to stay within Canada, and who seem willing to pay an even higher

price than they have in the past to ensure that that happens.

The twin issues of the economy and national unity are the focus of a current provincial election campaign, which ends on June 3, Mr. Davis hopes his handling of the provincial economy—considered by many independent financial observers to be the country's best managed—and his firm, but sensitive, stand on Quebec will convince the voters to renew the majority he lost in an election 20 months ago.

In that election in October, 1975, the Conservatives—who have ruled Ontario for almost 34 consecutive years—saw a healthy majority substantially reduced. The third party Liberals finished slightly behind the official New Democratic Party opposition.

In that election, as in this, there was on the minds

of voters a whole range of issues which they want the parties to face and resolve.

High among these is the quality of education, which many feel has slipped in recent years, even though Ontario spends about \$3,000 annually on education.

Also of concern are such quality-of-life issues as the environment, public transport, health, housing and energy conservation. A reduction in the rate of spending on some of these issues—to help to keep the lid on overall government spending—has angered many voters.

Most of all, Ontarians seem to be seeking stability—a return to better times financially, in which factories are producing at full capacity, people are back at work and Ontario's exports, on which it so heavily relies, are back in demand on world markets.

Prairies: clouds of uncertainty

by Fred Harrison

Like the dark clouds of dust which were rolling across the drought-stricken Canadian prairies this spring, clouds of uncertainty are forming on the economic horizons of the grain-growing provinces of Saskatchewan and Manitoba.

The twin threats of a prolonged dry spell and low world wheat prices worry the farmers of both provinces, after a remarkable spring of prosperous years. Saskatchewan, in particular, stands to suffer. Just as its gross domestic product soared by 37 per cent in 1973 when wheat prices more than doubled, a dramatic change in the opposite direction is feared if present conditions persist.

The province led the nation in economic growth in 1976. Some analysts are predicting that its performance this year will fall behind those of the other provinces.

Manitoba, with its more diversified and industrialized economy, has experienced much less dramatic growth in recent years and should likewise easily absorb the effects of a poor agricultural year.

Even in Saskatchewan, where major development of primary resources has occurred in recent years, there are hopes that 1977 will mark only a pause in rather than a halt to growth.

Saskatchewan in recent years has ridden on a wave of high demands for its resources, including oil, uranium and potash.

New office and hotel towers in the provincial capital, Regina, and housing developments in almost every city and town are the most visible signs of the changes brought by wealth.

Just a few years ago, Saskatchewan's population began declining as young workers moved elsewhere to find jobs. That trend has recently been reversed and one of the lowest unemployment rates in the country is \$221.88, less than the now attracting newcomers from other provinces.

The change has brought problems. The modern influx of immigrants and large-scale migration of farmers Saskatchewan.

to the urban areas has put substantial pressure on the real estate industry.

Since 1971, in a province where the population is less than 2 million, the urban population has grown by 80,000. In addition, many investment-conscious farmers have been buying city houses.

As a result, residential property prices have soared and municipal and provincial authorities have been forced to pour vast sums of money into anti-land-assembly programmes.

The increasingly urban lifestyle has also produced unaccustomed social problems, especially in the larger cities to which young, unemployed Indians have gravitated from their rural and largely poverty-stricken homes on reserves.

Nevertheless, one of the highest government-set minimum wage levels in the nation and well-developed health and social services, established by the socialist New Democratic Party Government, continues to attract newcomers.

The same party has brought in similar programs in neighbouring Manitoba, though it is considered a measure of the province's economic circumstances that the most recent provincial budget, in a probable election year, contained no major new spending plans.

Manitoba's fortunes in recent years have largely paralleled those of the rest of the nation, with real gross domestic product expected to increase this year by about 6 per cent.

A World demand for copper, zinc and nickel remains strong and it is expected that the province's important mining concerns will continue to operate below capacity.

Winnipeg, the capital, where about half the province's 1,030,000 residents live, is not booming like its counterparts in Alberta and Saskatchewan, but it remains fairly prosperous with an active building industry.

Average weekly wages and salaries in 1976 were \$221.88, less than the now attracting newcomers from other provinces.

The change has brought problems. The modern influx of immigrants and large-scale migration of farmers Saskatchewan.

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Quebec: dramatic changes

by Richard Cleroux

Quebec has been in the grip of a big social revolution since the election of the Parti Quebecois Government last November.

So far the PQ has been busily but cautiously implementing some of the far-reaching social, economic and cultural reforms it promised.

It has held the spiralling government spending of recent years to a 12.5 per cent increase this year on a budget of \$11,500m.

A \$680m job creation programme has begun to try to cope with the unusually high unemployment rate which has hovered just under 10 per cent this year.

Government borrowing is down to \$900m from \$1,300m last year. The budgetary deficit is \$640m compared to \$1,000m last year.

The minimum wage has been increased to \$3 an hour, the highest in North America, spreading fear among businessmen and industrialists who already worry about the PQ Government's election promise to nationalize certain key sectors of the economy.

Despite the administrative initiatives, the Quebec economy is still only scraping along. It reflects the generally sluggish North American situation. On top of that, there is the uncertainty that the election of an independence-seeking Government has brought.

The most dramatic changes, however, are in the area of culture, with the introduction last April of the French Language Charter which was designed to make French the everyday working language of Quebec, replacing English which has been the language of business and commerce since 1759.

Today French is more widely spoken than ever in Quebec, and French culture is stronger. Yet, paradoxically, both language and culture are more threatened because Quebec has emerged from its rural, isolated past into a late-blooming age of industrialization, internal commerce and global communications.

More than five million of Canada's 6,500,000 French-speaking people live in Quebec where they make up 80 per cent of the population, although they control approximately only 20 per cent of the province's economy.

Quebec is no longer able to feed itself. It has become

a net importer of food. Nowadays 80 per cent of Quebec's inhabitants live in cities and towns, most of them along the St. Lawrence river.

Quebec is huge—at 594,869 sq miles it is approximately six times larger than the United Kingdom, but much of the province is part of the inhospitable north, the Laurentian Shield, the land of Muskeg where trees grow only a few feet high and the ground is frozen year-round 6 ft down. Here only the Indians and Inuit, who live by hunting and fishing, and an occasional mining company dare venture.

Montrealers will try to tell you their winter is only 13 weeks long. But by British standards, 25 weeks is more correct. One statistic that speaks for itself is that there are on the average only 140 frost-free days each year in the Montreal area.

British immigrants who come to Quebec say that of all the adjustments they have to make, adjustment to the length and severity of the Quebec winter is the most taxing; political and cultural adjustments pale in comparison. Perhaps that is why Montreal has become

the largest underground city in the world, with more than 2,500 shops operating underground, most of them linked to one of the modern subway transit systems anywhere.

Quebec is second only to Ontario in manufacturing. It produces 25 per cent of Canada's output and contains 23 per cent of Canada's population. With the rest of the country it enjoys one of the highest standards of living in the world.

But the election of a secessionist-minded government in Quebec forces a re-evaluation of those national figures.

The public opinion polls show that only 18 per cent of Quebecers favour outright separation from Canada, but when sovereignty is coupled to an economic association with the rest of Canada as the PQ offers, the figure rises to 34 per cent.

All this is important for prospective immigrants because it means that in a couple of years they might find they have immigrated to a totally new country—Quebec, not Canada—which has broken its links with the British Commonwealth, and where French is the official

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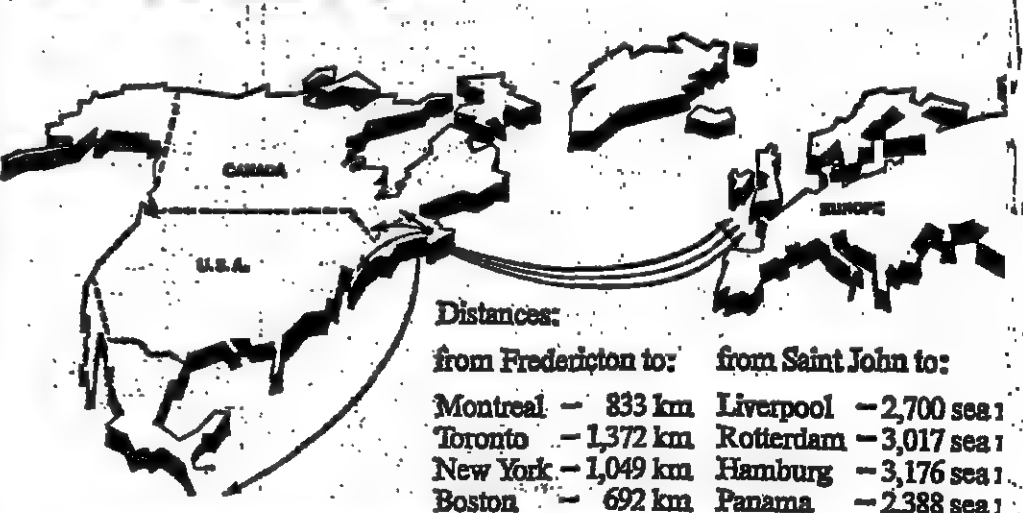
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British Columbia: end of boom

Sawatsky

British Columbia became a boom state in the 1960s, when the province moved north in the search for resources. Ever west coast province, it was blessed with abundant forests, minerals, and a rich labour force. Resources are being shipped abroad, and the province is being marketed as a high-tech hub. The boom is now over, and the province is facing a sharp decline in the economy.

national average, but the change in fortune has done little to alter its attitude. National wage controls in Canada have generally helped the percentage increase of labour settlements. The federal Government aims at 1977 wage increases of 6 per cent to 8 per cent. At the same time, British Columbia labour workers are demanding wage and benefit increases amounting to 30 per cent and possess the power to cripple the province's economy if they do not get them. About half of British Columbia's economy is related to forestry and even a short shutdown would hurt the entire economy.

The roots of the business uncertainty go much deeper than the loss of labour. The economic transition started shortly after the socialist New Democratic Party won power in 1972 and defeated the free-enterprise Social Credit party. It was the first socialist government in history and the new government began to de-emphasize economic development and concentrated instead on costly social improvements. The government also started but to private businesses.

Foreign investors balked at the new order of things and cut back the flow of capital. The old order was restored in late 1975 when the socialists were defeated in a general election and replaced by the Social Credit Party. But foreign investment did not return of one and today still lacks its old enthusiasm for the province.

The big mining companies, for example, say they were taxed punitively during the socialist years and hesitate to return as long as the New Democratic Party remains the official opposition. Much of the private investment has moved east to neighbouring Alberta where the Conservative party is securely entrenched as the Government and alternative parties also believe in free enterprise. The financial capital of western Canada is shifting as well from Vancouver to Calgary.

The British Columbia Government is attempting to pacify business by repealing some of the measures introduced by the socialist regime. The effect has been small. The most notable changes are in mining royalties but mining activity is disappointing.

Mr. William Bennett, the Premier, has reacted with a campaign to persuade labour unions to moderate its demands and has made Mr. Allan Williams, one of his most capable ministers, the Minister of Labour. The campaign is before workers to accept less now so they also have jobs in the future. "Labour must recognize

that times have changed," Mr. Evan Wolfe, the Finance Minister, says. "Previously held conceptions of what the system could provide in material benefits have proved to be misconceptions. Working people, just like everyone else, must assume individual responsibility to help solve the economic problems that confront the province. They must come to expect less, demand less and produce more."

Mr. Bennett, aged 45, who succeeded his father as leader of the Social Credit Party after the loss of the 1972 election, has several factors working against his campaign. The first is the rigidity of the labour hierarchy. The union movement dislaid his father, who was premier for 20 years.



Atlantic Provinces: most to lose from separatism

Best

Atlantic Provinces have been the most of the Canadian nation—move away from us, then spend the lives living for living about.

within the region itself. Two of the four provinces—Prince Edward Island and Newfoundland—are islands, while a third, Nova Scotia, is a peninsula.

Most of the region is too rocky to sustain more than subsistence agriculture, although there are exceptions, notably the New Brunswick and Prince Edward Island potato-growing belts and Nova Scotia's verdant Annapolis Valley.

The recession, although slow to make itself felt in some areas of Atlantic Canada, has served to underline the region's overall economic vulnerability.

In some parts of Newfoundland and the Cape Breton region of northern Nova Scotia, unemployment has climbed to between 30 and 35 per cent. For Newfoundland as a whole the seasonally-adjusted rate is 25.8 per cent; for Nova Scotia 11.2 per cent; New Brunswick 13 per cent and Prince Edward Island 17.7 per cent—nearly a national average of 8.3 per cent.

Yet, paradoxically, recent years have also witnessed a slowdown in the time-honoured movement of young people from the Atlantic region to places like Montreal, Toronto, the New England states and British Columbia.

It is traceable to the new concern, evident here no less than elsewhere, for something called the quality of life. Rather than shipping out to seek greater pastures, young people have increasingly opted to accept the lower living standard that life on the Atlantic seaboard brings. If the region does not have the wealth that Ontario possesses, it does not have the belching smokestacks either.

None the less, the present is a particularly depressing time for Atlantic Canada because of the election of a separatist government in Quebec last November.

Of all the pieces that go to make up Canada, the eastern four have the most to lose should the Parti Quebecois make good on its threat eventually to take Quebec out of confederation.

Alberta: perils of success

continued from facing page

Energy and other non-renewable resources account for almost half the provincial Government's general tax revenues, not counting almost \$1,000m which is set aside annually in a special government investment fund meant to act as a cushion against the effects of expected declines in oil and methane gas production in the coming decade.

Wages and salaries are high, although they are still not the highest in Canada. The average weekly wage or salary last year was \$243, up from \$214 in 1975. That remains a little lower than the average in neighbouring British Columbia.

The government-enforced minimum wage, ranging from \$2.60 to \$2.80 an hour, is modest in comparison with those of several provinces, although it is expected to be increased beyond \$3 an hour this year.

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Also worth investigating are opportunities for industrial cooperation in fields where Canada has internationally recognized expertise—such as forestry, mining and metallurgy, civil engineering and construction, telecommunications and electronics, nuclear energy and short take off and landing aircraft and related technology, to mention but a few.

You are invited to contact Canada's trade offices in Britain or the Department of Industry, Trade and Commerce in Canada for detailed information of the advantages of locating in Canada.

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Telex: 261592 (DOMINION LDN)

Consul and Trade Commissioner
Canadian Consulate
Ashley House
195 West George Street
Glasgow G2 2HS, Scotland
Telex: 778650 (CANTRACOM GLW)

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A Newfoundland company, Pelcon Limited, has developed a series of unique

"shock proof" underwater connectors already used by offshore oil companies all over the world. Pelcon's connector is only one example of the developing expertise in Newfoundland.

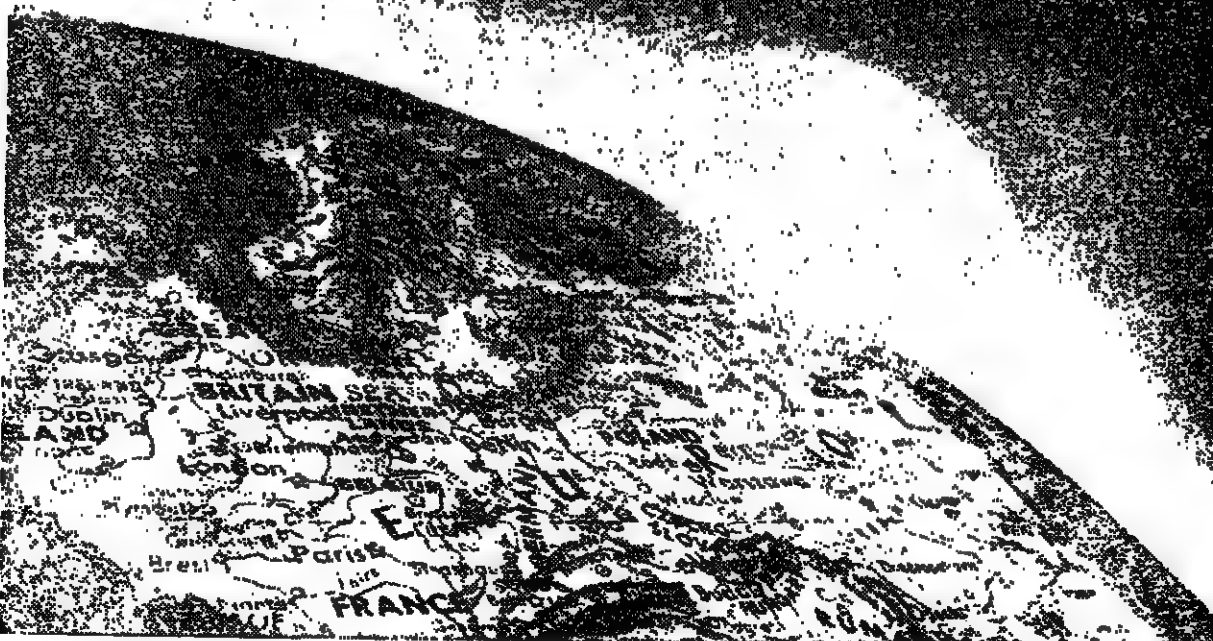
Other companies are providing dry dock and service facilities to both oil rigs and supply vessels. If you would like to get involved in Newfoundland's cold ocean development... talk to the province of Newfoundland and Labrador.

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Academics seek role in unity debate

by Hilary McLaughlin

The university campuses in Canada, as elsewhere, are quiet after the violence and political activity of the 1960s. Key concerns are centred on financing—the rate of increase in funding is not keeping pace with inflation—and the growing difficulties of graduates in finding employment.

As the enormity of these issues begins to register on the populations directly concerned, there is the additional feeling that the universities must take a significant role in the national debate initiated by the Quebec election.

Perhaps seeing a problem beyond their control in the economic fate of the universities and their students, university presidents have moved quickly into the controversy over national unity. After two meetings, they have defined their tasks and are preparing analyses of the

issues, from their position as detached observers, and contributing to heightened public awareness.

Dr John Evans, president of Toronto University, the largest in Canada and, overall, the best, has commissioned papers, studies on key issues for background and wide distribution. There will be a conference at the university in October on "future directions", with people drawn from every region.

Dr Evans sees the schools of continuing studies at his and other universities as the reinforcement behind academic discussions on the future of the country. National unity is, he says, an ideal topic for such study programmes, in which broadly based curricula can be developed.

But it seems unlikely at this stage that the undergraduate populations of Canada's universities are, collectively, going to be actively engaged in the debate. The front lines

among Canadian students are in the secondary schools, where the teaching of, and in, French, is a contentious issue in many areas.

In Quebec, with the controversial Bill on language rights now being debated, there is anxiety about the English universities and almost panic about the education of children. Both the Quebec and federal governments have tried to point out that bilingualism is a red herring, but it provides a focus for attitudes and approaches which the learned institutions have yet to match.

Unemployment and underemployment, according to a recent study from Statistics Canada, will not ease before 1990. Ontario alone projects that 197,000 graduates from all educational levels will join the work force this year, and the provincial treasury minister has already said that he considers 5 per cent a reasonable minimum for acceptable unemployment. Dr Evans would like the

postgraduate students to get short-term positions at universities, four-year or five-year terms as researchers, but it is wishful thinking.

Universities in Canada are largely public enterprises, although their internal governance is private and untrammeled by any government. At Toronto University, for instance, 98 per cent of the funding is from government grants, research grants and tuition fees; only 2 per cent is from private sources. The statistics for the smaller universities are similar.

Canadian universities are the property of the taxpayer, even though the average taxpayer's child cannot yet be admitted to an average university.

There are good universities in Canada, and programmes in many which attract students from around the world: the Medicine Centre at Toronto University; the Business School at Western in London, Ontario; the Maritime Law Programme at Dalhousie Law School in Halifax, Nova

Scotia; the Arts Centre at Toronto.

Sixteen per cent of students come from abroad, most from the United States and Hong Kong; most of their own country.

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Scotia; the Arts Centre at Toronto. Sixteen per cent of students come from abroad, most from the United States and Hong Kong; most of their own country.

Banks face new competition

by Joan Cohen

The decennial revision of the Bank Act is always an important event in Canada's financial community, but the White Paper on banking legislation, released last August, heralded more than the normal share of changes, for it contained proposals designed to bring a new era of competition to the banking system.

The White Paper, which will be followed by legislation some time next year, promised two far-reaching innovations. First, the proposals will allow trust companies, mortgage loan companies, credit unions and caisses populaires direct access to the Canadian payment-clearing system and a say in the application of new computer and telecommunications technology.

These near-banks, largely outside federal control, now have about 22 per cent of the Canadian dollar assets of leading financial institutions.

Second, the proposals, for the first time, recognize foreign bank operations in Canada and will allow them to operate with the same powers as other banks. Ninety per cent of the assets of Canada's 12 chartered banks are held by the five main banks, and the concentration has caused some concern.

Though in recent years the near-banks have made substantial inroads into

retail banking, the five big banks still hold most of the Canadian dollar deposits.

In the view of officials, the proposals to invite foreign banks into the Canadian banking system, and also to make it easier for new Canadian banks to establish themselves, will bring new competition, and, they hope, introduce innovations into the system.

But even where the foreign operators do not seek full bank status under Canadian law, the White Paper provisions are designed to bring out into the open most of the foreign banks—perhaps 200—now operating almost invisibly in Canada, under provincial incorporation, so that the federal Government can keep track of their activities.

Mr William Kenney, who is being groomed to take over the post of federal Inspector-General of Banks, has pointed out that the expansion of foreign banks in Canada has moved in pace with a general internationalization of banking, which has been growing at an extraordinary rate in the past 10 or 15 years. The growth in Canada has been further promoted by the expansion of opportunities for financial leasing of equipment and factoring by financial institutions.

Since Canadian banks were not authorized to operate in these areas, foreign banks moved in to fill the vacuum. Foreign subsidiaries also rushed into Canada shortly before the mid-1970s, fearing—wrongly

that they might be barred from entry by the final phase of Canada's Foreign Investment Review Act.

Mr Kenney agrees that by far the most contentious part of the Government's proposed legislation is a plan to impose on the near-banks the same obligation that chartered banks now have to maintain minimum reserves with the Bank of Canada. The reserves for most types of deposits held by the near-banks would amount to 2 per cent on the first \$500m and 4 per cent on the rest.

The proposal is linked with the far-reaching plan to unite the banks and near-banks under a new central payments-clearing operation, the Canadian Payments Association, and end the present fragmentation in payments operations. At present, the near-banks, operating largely outside federal regulation, have no direct access to cheque-clearing facilities.

But the provinces, the trust companies and the caisses populaires, based in Quebec, are objecting to the proposal. The trust companies are claiming that because money held in reserves earns no interest, the requirement would put an additional burden on them which would affect their profitability. They are already required under their incorporation legislation to hold a certain portion of their funds in liquid form, where their earnings are relatively low.

Another possible prospect would be magnetic transaction—cheque verification. Here a person writing a cheque would produce a payment card that would be

fed into a computer, would impose a minimal to confirm money in the account.

The ultimate, costly, development, be a point-of-sale where a purchaser would produce a payment card that would make the transaction an account and sales outlet.

Canada's financial institutions are moving down this trail, two years before the White Paper was issued.

As a result of the groups we work to plan for a computer payments system, Mr Kenney says that some people might elaborate a network, but it would be accessible to a users.

With all financial institutions moving now into computerization, the issue has become a lively one, and gets central attention in the government White Paper.

The stages of development, he continues, are still hypothetical. They might begin with a process where, by company salary payments are made by running a magnetic tape through a computer which would disburse deposit instructions to the financial institutions where employees bank.

Another possible prospect would be magnetic transaction—cheque verification. Here a person writing a cheque would produce a payment card that would be

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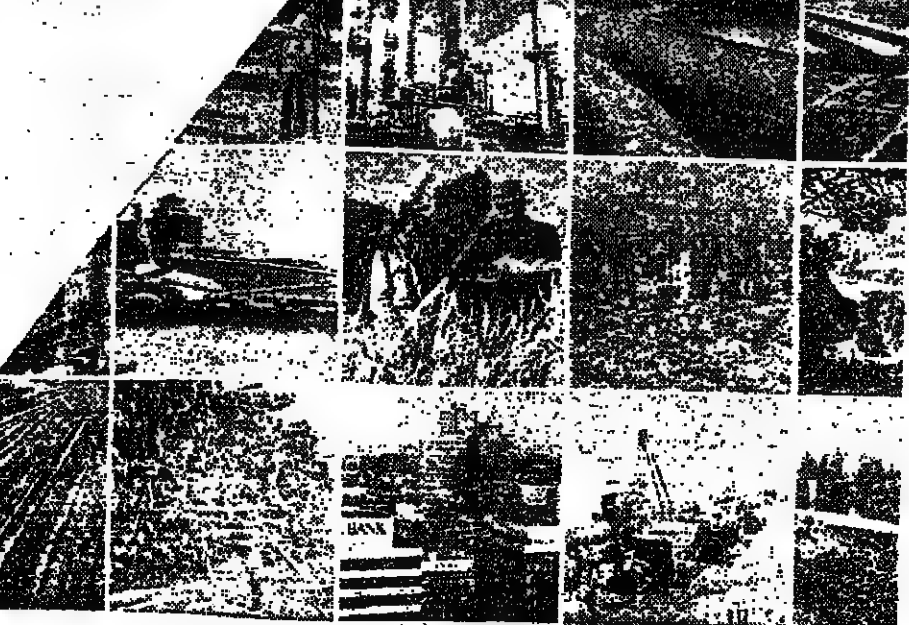
Alberta's agricultural and energy products have always found markets in Canada and the rest of the world. The province now exports oilfield technology and equipment, agricultural expertise and implements, engineering consulting services, metal fabrication, prefabricated houses, livestock and livestock semen, as well as a variety of other export products.

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Unemployment rife in an affluent society

Peter Hopkirk

he outside world, life in the city presents a distinctly different picture—fresh air, fine, wide open spaces, and scenery, affluence, taxation, the protection, welfare state, and a sense of security by Canada's natural resources.

Even without the threat to the life of the confederation, there are their fair share of difficulties.

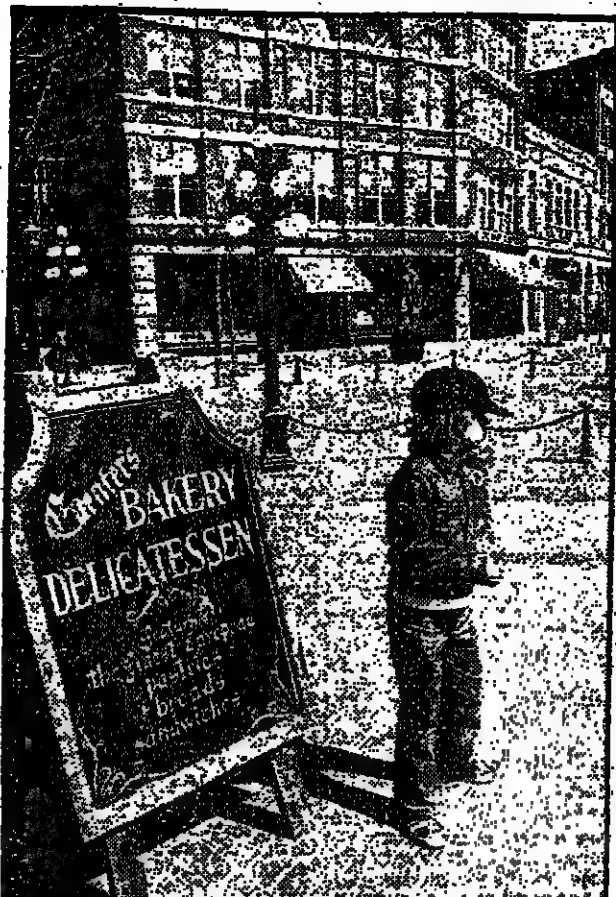
Of a population of 23 million, at least 914,000 are unemployed—that is almost Canadian in 11 of the 15's workforce. The unemployment crisis is particularly acute in the 15 to 24 age group, where some 14.5 per cent are unable to find work (compared with the national average of 8.8 per cent).

Statistics Canada indicates that it takes up to 15 years for the present bleak job picture to be resolved. In the meantime, overqualified people are beginning to be laid off and semi-skilled people are being laid off in a situation likely to be "serious social, economic and political problems," to quote the Statistics Canada report.

Together, Canada has the worst unemployment situation of any western country. In a recent article, the Toronto Star and Mail called upon unions to cooperate in a strike to force the government to do more to create jobs. The article said, "has been long time since the long-term plans have been put in the force. The surplus present in the country one of the most difficult problems it has ever had. Today's young Canada would not, as the generation had, submissively to unemployment or unfavourable jobs."

Curiously enough, Canadians seem less anxious about the risk of losing jobs than about inflation. At present, inflation is running at 7.9 per cent.

An April Gallup Poll sought to discover if Canadians were concerned about the risk of losing jobs. The poll found that 79 per cent of Canadians were concerned about the risk of losing jobs, while only 21 per cent were concerned about the risk of inflation.



Finding a job is not his problem yet, but unemployment among the young will still be high by the time he leaves school.

disputes than Britain, only 3 per cent put industrial relations first.

An overwhelming 44 per cent said that inflation was the primary cause for concern. However, it must be said that the Canadians are not a nation of worriers, as is shown by another poll, this time worldwide. Although more concerned about inflation than anything else, 53 per cent of Canadians polled said they almost never worried about personal budgeting, against 39 per cent who said this in the United States and 41 in Western Europe.

Life for most Canadians is fairly easy—as statistics show. Few people are more thoroughly counted, classified, computerized and analyzed than Canadians. Periodically their lives are laid bare in the publications of Statistics Canada which together provide a detailed picture of the Canadian lifestyle.

A glance at the statistics gives a first lesson about the Canadians: economically speaking, at least, there are no such people. There are Albertans, Newfoundlanders, Manitobans, Saskatchewanians, Ontarians and so on. Earnings, housing, conditions, ratio of home ownership to renting, unemployment and other social and economic data can vary considerably between the 10 provinces.

For instance, the average income for Canadians, regardless of sex, in 1975 (the latest figures available) was \$8,137. In Ontario (\$8,634), Alberta (\$8,624) and British Columbia (\$8,782) it exceeded this, while in Prince Edward Island it was below (\$5,499).

The tables also show the general high level of affluence. In 1975, 32 per cent of Canadians earned \$10,000 or more—14 per cent exceeding \$15,000.

The national average for all men was \$10,770 and women \$4,710, which perhaps explains why equal opportunities are as live an issue in Canada as they are in Britain. However, the tables do not indicate whether a woman's job must be full-time before her earnings are included in the national average.

Turning briefly to the bottom of the economic ladder, statistics show that 5.6 per cent of Canadians had an income of less than \$500 in 1975, with Prince Edward Island once more at the bottom (6.9 per cent).

These figures were obtained in April 1976 when individuals in approximately 35,000 households across Canada were asked to supply information on their incomes and other domestic data. Statistics Canada points out that the income

figures as published were derived from only "partially edited" survey data and may be revised somewhat when the full report Income Distribution by Size in Canada, 1975 is published.

As one might expect in so affluent a society, Canada is a nation of home-owners. Of nearly seven million households, it is estimated that 4,324,000 are owner-occupied and 2,594,000 are rented.

There is a marked difference in pattern, however, between the two most urbanized provinces, Ontario and Quebec. In Quebec, an estimated 938,000 homes are owner-occupied and 894,000 are rented, while in Ontario a far higher percentage of individuals own rather than rent—1,721,000 to 901,000. This is perhaps partly explained by cultural differences, in that the French have by tradition always preferred to rent their homes.

The tables also show that 476,000 Canadian families own a holiday home, 975,000 a boat of some kind, while in 825,000 households two or more people own (snow) skis.

Of Canada's 6,918,000 households, some 6,787,000 have one flush lavatory, 1,415,000 have two, 251,000 have three or more. Some 114,000 have no lavatory at all, and some 17,000, presumably in rural areas, only chemical ones.

More Canadian homes have a colour television set than have black and white ones—3,940,000 against 3,745,000—while, for what it is worth, more have two or more colour sets (233,000) than without a set of either kind (234,000).

Again, there are more Canadian homes with three or more telephones (296,000) than without a telephone (241,000).

More than 3,800,000 households possess one car, 1,388,000 have two, while 300,000 own three or more. A surprisingly high 1,427,000 households are without a car, though the elderly rather than poverty would probably account for much of this figure.

For the secrets of the very rich, one should turn from Statistics Canada to Peter Newman's best-seller *The Canadian Establishment*. In this he delves into the lives of Canada's 1,000 richest men who form what he calls its "invisible government". He examines the careers of many larger-than-life billionaires like Sam Haslam, the Calgary builder whose private EAC-111 aircraft even has its own washing-up machine, and Nelson Davis, who has five ex-directory telephones in one of his four houses, a personal income of about \$220 a year and who declares: "Every time I make a dollar I put a quarter of it on myself."



PIA 28 B

TORNADO

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Extracts from a speech by the RAF Chief of Air Staff, Air Chief Marshal Sir Neil Cameron, on May 7th, 1977.

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Women make great progress quietly

Nay Pearson

common principle of life that if you do it on your own, you will—and women in fact seem to live by that as much as any.

There has been considerable progress towards equality of pay and opportunity, backed by government action and growing willingness among employers to let women have a go. In 1974, a dozen women were hired by the city of Vancouver to work on the first women labourers hired by the city.

The same year, a mining company in Lead, Rapids, Manitoba, took on women in jobs previously reserved for men. Canadian National Railway employs women in its yards. In an Ontario college, a woman was among the first dozen trainees accepted on a course for blacksmiths.

Through Women's Year, much wanted in Canada, the papers were bespattered with similar stories. Women interviewed in these jobs seemed suitably content to do rough work for more money. Grace Prince, aged 18, said after eight months down a mine in Grande Cache, Alberta: "Look, working underground is a filthy job and it's the money that gets you there and it's the money that keeps you there."

At the other end of the scale, a growing number of high positions in business, government and the professions are occupied by women. It all happened, as Bella Fife, a Canadian journalist, said, "with much less ranting and raving than there has been in the United States." She added: "There was always a token female in high places, like a token flag. Then they found out that women were competent."

herself occasionally leaving the hands of a bailiff while she flies to London to pursue an interest in psychology.

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essential qualities for surviving a pioneer life in that bitter climate. For the same reason, Canadian men have had to rely on the competence of their women in home and farm: possibly this laid the foundations of a comparative readiness to trust women with power in other spheres.

Not that the change came without a struggle, which continues in certain quarters. Resistance seems to have been particularly strong in politics, going back to such diehards as Sir R. P. Topley, Premier of Manitoba from 1900 to 1915, who said: "I don't want a hyena in petticoats talking politics to me. I want a sweet gentle creature to bring me my slippers."

A campaigner of the day, Nellie McClung, characteristically gave blow for blow. "Politics means unsundered bills, broken furniture, broken homes and divorce," she declared. "Men's place is on the farm."

Canadian history seems to have more than the average share of spirited females. As early as 1692, Marie Madeleine de Vercheres, a 14-year-old girl, enlisted two terrified soldiers to help her to put up an heroic and successful defence of her absent father's fort against a horde of Iroquois. An eminent doctor and surgeon of the mid-nineteenth century, Dr James Barry, died in 1865 and was found to be a woman—disguised, it would seem, because there was no other way for a woman to become a doctor.

Pauline McGibbon, a woman of formidable distinction who became the first woman Governor of Ontario in 1974, was once asked why she never entered politics. She replied: "The road to politics for a woman means running for a Board of Education post and a woman without children has no chance of being elected." The rising generation of women will resist the sexist life harder.

climate which gave grounds for that remark. Young Canadian women are insisting fiercely on identities and careers of their own—aside from the fact that they may also have husbands and children. Margaret Trudeau is in step with her generation when she insists on her right to pursue her interests. Like- wise the wife of Joe Clark, leader of the Opposition, who is studying to be a lawyer, insists that her name is Maureen McTeer (Ms, of course, which prefix has significantly come into general use in Canada).

Leaving aside these lofty considerations, there is an interesting basic question that people will ask: what do Canadian women look like? It is interesting because other nations genuinely do not know.

There is no prototype image, no recognizable style Canadian: one can hardly count the pathetic maple leaf symbol worn around London to avoid being thought American.

Canadian women are, generally speaking, quite in style than Americans, the young favouring a casual, international look (denim is popular), while older women with a sense of style tend to dress in an English way.

But there is a subtle influence at work which may be felt increasingly, as women get more active and travel across their own country, with growing contact between the women of English and French Canada. This is the influence of the distinctive and very French style worn by the women of Montreal.



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MARCEL LESSARD, Minister

Two-way traffic across the 49th Parallel

by Peter Hopkirk

One of the largest migrations of human beings to take place anywhere—some 68 million people in all—occurs every year across North America's 49th Parallel.

It is a two-way flow. Nearly 36 million are Canadian holidaymakers heading south into the United States, and the other 32 million Americans crossing into Canada. They travel by car, bus, aircraft, train and by sea, and together add up to the biggest tourist market in the world.

Two thirds of all Americans going to Canada head for Ontario. Most of these are attracted by the lake-shore resorts which offer facilities for boating, fishing, water-skiing and swimming. Others go to see relatives.

Another 10 per cent choose Quebec, with its Catholic churches, French language and cuisine. To them the province—and especially Quebec city—is the nearest thing to being in Europe on that side of the Atlantic.

A further 10 per cent head for British Columbia with its mountains and coastline, where they can hike, camp, fish and indulge generally in the outdoor life. Yet another 10 per cent or so make for the Atlantic provinces, with their rugged scenic coastline and long history.

Then there are the European visitors. These are led by the British, 370,000 of whom visited Canada last year. The majority of Britons head for Ontario where many of them have friends or relatives. A far

smaller number—about an eighth of the total—choose British Columbia, while some 10 per cent go to Quebec. It is estimated that about 20 per cent of all British tourists who go farther afield than Europe choose Canada.

The next largest invasion comes from Germany. Last year some 170,000 Germans visited Canada, many, according to the Office of Tourism in Ottawa, attracted by the cowboy-and-Indian image of western Canada. "Apparently they have a writer like Zane Grey, who is very popular," one official explained.

After them come the Japanese, who are nearing the 100,000 mark, followed by the French, Dutch, Italians, Australians, Mexicans and Swiss.

Fourth largest source of foreign revenue

The bulk of Canada's tourism income, however, comes from internal tourism—Canadians travelling in their own country, which accounted in 1976 for some \$7,300m out of total earnings of \$9,200m, or about 5 per cent of Canada's GNP. None the less, it is Canada's fourth largest source of foreign revenue. By the end of this century, some economists reckon, it could have become Canada's leading industry in income, export earnings and employment.

As present tourism gives rise to some 800,000 direct or indirect jobs for Canadians. The private sector alone involves some 80,000 businesses—most of them

small—20,000 hotels, motels, lodges, cabins and camping sites, and about 43,000 restaurants.

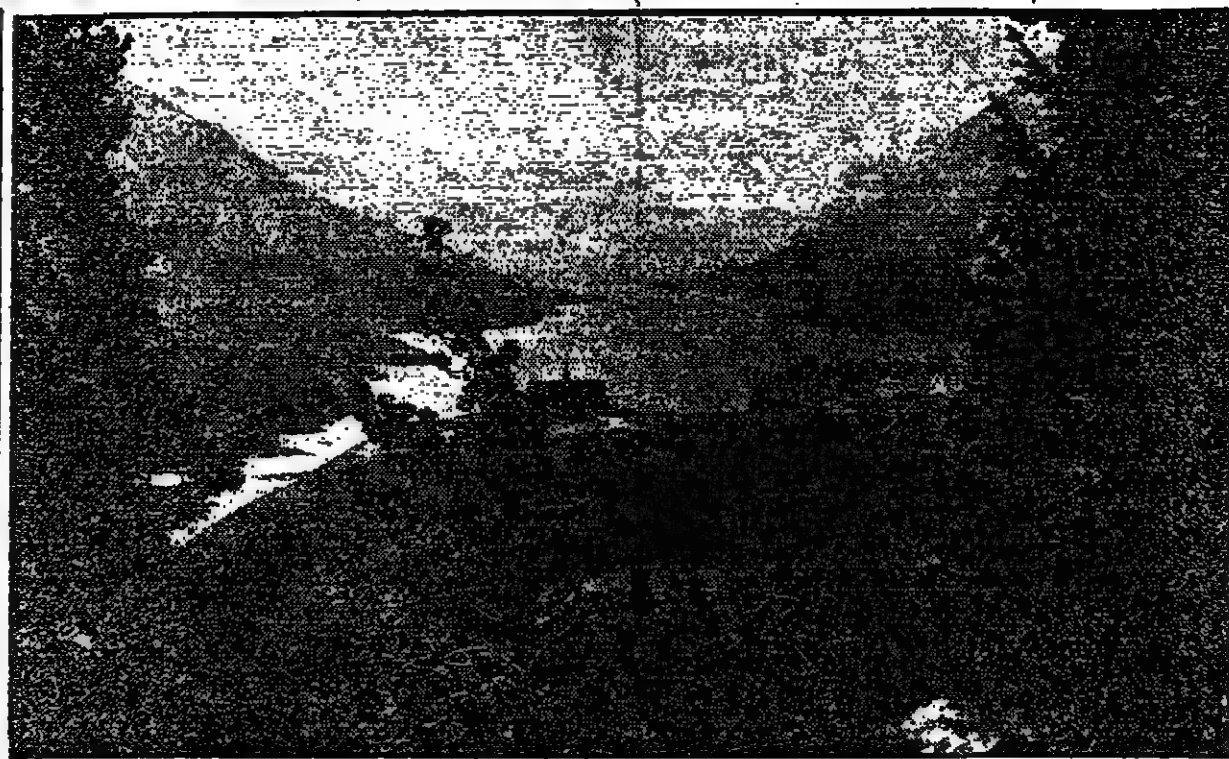
But despite Canada's huge revenue from tourism, officials in Ottawa are worried by the steady decline in numbers of American visitors, by far their largest source of foreign tourism revenue. Ever since 1973 the numbers have been falling off, while more and more Canadians have been going to the United States for their holidays.

The decline in the number of United States visitors is in no way made up for by the record number of European and other tourists. As a result, last year Canada had a deficit on its foreign travel account amounting to \$1,200m of which just over half was on its travel account with the United States alone.

Worried officials are casting around for the reasons. Among these, they believe, are tighter family budgets in the United States; a feeling among Americans that Canadians are less friendly towards them than before; the higher cost of living in Canada; and the premium of the Canadian dollar over theirs for much of 1976.

Other reasons, unique to 1976, for Americans staying at home were the bicentennial celebrations, the presidential elections, the bad summer weather in Canada and disruptions of Canadian airline traffic.

Despite all this, as one senior government official put it, "the bottom has not fallen out of the Canadian tourism industry—two billion dollars of revenue is hardly a disaster". It was the rate of growth that had slowed, he added, "and this is the signal that must give us pause for thought".



Beauty in an oil-rich province: Waterton Lake, Alberta.

Sights that are not just larger than life

by Patrick O'Leary

When the poet Rupert Brooke visited Canada in 1913, he wrote home: "I am so impressed by Niagara. I hoped not to be. But I horribly am."

It is a country which has that effect on the tourist. He goes braced to find things larger than life, and discovers they are larger than imagination. The sights seem self-confident in their ability to command respect: the frozen magnificence of Lake Louise, Alberta; the under-

ground shopping world of Montreal; the skyscrapers of Toronto; the great plains of western Canada, culminating in the Rocky Mountains; the sweep of Vancouver Bay, and at the other side of the continent, the narrow entrance to the harbour of St John's, Newfoundland, opening like a devil's doorway on to the bitter North Atlantic.

Milder moments can be enjoyed: the moist Englishness of Vancouver Island; a pookish statue of Lord Beaverbrook in the city of Fredericton, New Brunswick; the mercantile bustle of Halifax, Nova Scotia. But on the whole Canada takes

the visitor by storm. It is too large to be lovable, but never less than interesting.

Its size cannot be overemphasized. On my first visit I set foot in all 10 provinces in 16 days. That gave me an excellent knowledge of the country's airports, and of the scenery between the airports and city centres. But my impressions of the country itself were hazy.

Provinces such as Ontario, Quebec and British Columbia can each absorb the whole of two or three weeks' holiday with ease. Nor would it be too long for a tour of the four Atlantic provinces of Nova Scotia, Newfoundland, New Brunswick and Prince Edward

Island.

If you feel you must swing from coast to coast, at least skip some of the places in between. But do not expect me to suggest what to ignore. Canadians are proud of their home provinces, and do not accept that any of them are dull.

Other pitfalls await the first-time visitor. No service charge is added to hotel or restaurant bills, but in most provinces a percentage which looks like one appears. The small print shows this is a sales tax.

Consequently it is necessary to tip waitresses, hotel porters and others as you go along. Perhaps that is one reason why standards of service among British tourists. You rarely meet a sharp-tongued waitress or surly porter in Canada.

Even taxi drivers seem to enjoy their work. Not that anybody is obsequious; they are a proud people, but friendly, and especially warm towards anyone with an English accent (unless you happen to be in a French-speaking part of the country).

Prices of food and wine in good restaurants are high. But every hotel and shopping centre has a coffee shop, usually open from seven in the morning until 10 at night, ready to serve anything at any time from a glass of milk to a three-course meal costing perhaps £2 or £3.

Canadians are proud of their steaks and fish dishes, but perhaps their most distinctive contribution to cooking are their sweets, such as pecan or butter-scotch pies, and their buckwheat breakfast pancakes.

The public telephone service is excellent, and rarely vandalized, but inflation has left its mark. Calls from one province to another can cost \$1.65 or more.

Since the largest coin a callbox takes is 25 cents, you need to rob a piggy-bank if you intend to make several calls. Most Canadians have the charge billed to their private numbers, or use credit cards.

Businessmen keeping appointments in large cities should allow for what I call "liffing". You may know that the man you wish to see is in an office block only five minutes' walk away. But if your hotel room is on the thirteenth floor and his office on the twenty-third of a tower block, add at least 10 minutes to cover waiting for lifts and travelling in them. In any large building a proportion of the staff appear to have no offices at all, but merely ride the lifts, chatting with old friends on each floor as the doors open.

It is difficult to avoid the conclusion that Canadians regard drinking as sinful. Off-licences are vast and forbidding with rows of quart bottles of liquor guarded by morose men who look like reformed alcoholics. In the province of Quebec this illusion is heightened by the name of the dispensing body over the door, Société des Alcools.

Bars vary wildly in atmosphere. There are those labelled beer parlours, which need no further explanation, while at the other extreme are ornately decorated cocktail lounges where the depth of the carpets vies with the softness of the upholstery, while girls with slit skirts and oval necklines swim through the encircling gloom.

All such places, whether of high or low degree, are closed on Sundays, except in Quebec province. That I had expected, but I was taken aback when, on ordering a bedtime rum and hot milk to be sent to my hotel room in Toronto, I was told I had to have cheese and biscuits with it. I cheated by having the food and accompanying sprig of grapes for breakfast next morning.

A good news nation

continued from page 1

the excitement. Like Switzerland and Scandinavia, its very respectability keeps it out of the headlines. In Canada policemen rarely get shot. In the United States it is almost a daily event. But even Canada's bad news rarely gets reported. How many Britons know, for instance, that Canada has an even worse strike record than Britain and a grimmer unemployment problem?

The other complaint of Canadians is that in most things they find themselves compared with or bracketed with the United States. If Canada were an island like Australia, they argue, or a part of Europe, then the world would recognise its separate identity.

The blurring of this identity is an inevitable consequence of living next to the most powerful and richest nation and one whose energetic people outnumber them by 10 to one. However, this does not prevent Canadians from resenting it, and a visitor is surprised by the amount of anti-Americanism he encounters.

It has been estimated that American corporations own or control 41 per cent of all manufacturing in Canada, while according to official figures the United States supplies 70 per cent of Canada's imports and absorbs 66 per cent of its exports.

But American penetration is not confined to the economy. Except perhaps in Quebec province, where French culture has proved more resistant (even if they do watch *Baywatch* and *Gun Zerk* on television and munch *cheeseburgers*), the cultural invasion is all but over. This is particularly noticeable to one who has been away from Canada for 15 years.

If an American were parachuted into almost any Canadian city today it might take him some time to realize that he was in a foreign country. The architecture, street scenes, restaurants, food, people, buses, cars, newspapers, television programmes—indeed the entire way of life—have become almost indistinguishable from that south of the border.

Canadians are the first to admit this growing similarity to the United States. "Our streets are cleaner, our cars are newer, our cars are a little older, we walk somewhat slower, but otherwise there is little or no difference," one told me.

"Whatever we go in the world today we are mistaken for Americans," another said. "It can be very galling."

It is this fear of being mistaken for Americans, rather than any wish to assert themselves as Canadians, that induces many of them to wear a maple leaf insignia on lapel, rucksack or car whenever they travel abroad. For while Canadians and Americans can tell one another apart by their accents, few outsiders can.

One of Canada's leading commentators, Mr. Peter Newman, has warned his fellow countrymen that they "are in real danger" of forgetting who they are. Canada, he argues, has "moved directly from being a colony of Great Britain to an economic satellite of the United States".

The theme is not exactly new. As long ago as 1907 a book was published called *The Americanization of Canada*. More recently a flurry of similar titles have appeared, which speak for themselves: *How They Sold Our Canada to the U.S.*, *Silent Surrender*, *Sellout*, and *(Canada) Ltd.*, the political economy of dependency.

The Americans are not unaware of this feeling. "All across Canada, there is a nationalistic resentment of United States domination, cultural and economic," a leading American journal commented recently. And yet, as one Canadian put it: "We can hardly cry 'rape'. There has been a high degree of consent all along."

How, does the outside will ever get.

world regard Canada. Are they merely "A down Americans"? "A cans with Canadian ports", or "the fifth American state"? It is a question that Canadians agonize over never more than today national unity threaten separatism.

Does it really matter people thing of one Englishman might ask Canadians: it undoes. So much so that is even a book called *They See Us* consisting of quotes from Canadians on what they think of themselves.

"I never one replied. 'Not bright but nice', another said. Many people are sure to discover that b Lord's Best Book.

Thomson, Lester P. and Bernard Braden, a lowing are (or were) dian born: Professor neth Gaibraith, Marsha Lohan, Andrew Bonar Saul Bellow, Oscar Pe Mary Pickford, Yvoni Caron, Lynn Seymour at Vicks, to name a f random.

But what is the secret Canadian? To most he is big and friendly, adding, non-assertive, but, slow of speech and short on culture. The toonist would probably him in lumber jacke plaid shirt, square-danc log-rolling, with a ca ice-hockey stick as a f no. In fact, this folky is largely nonsense. I all those mountains and places with name Moose Jaw, Kicking Pass and Thunder Bay, dians are today amo most urbanized and a century ago, fo of five lived in the ce Today, seven out of 1 in cities. Most have been within 1,000 m of a city.

travel more in other p countries than in thei You must see Vanco everyone in Toronto to bow I was surprised to how few of them had s themselves.

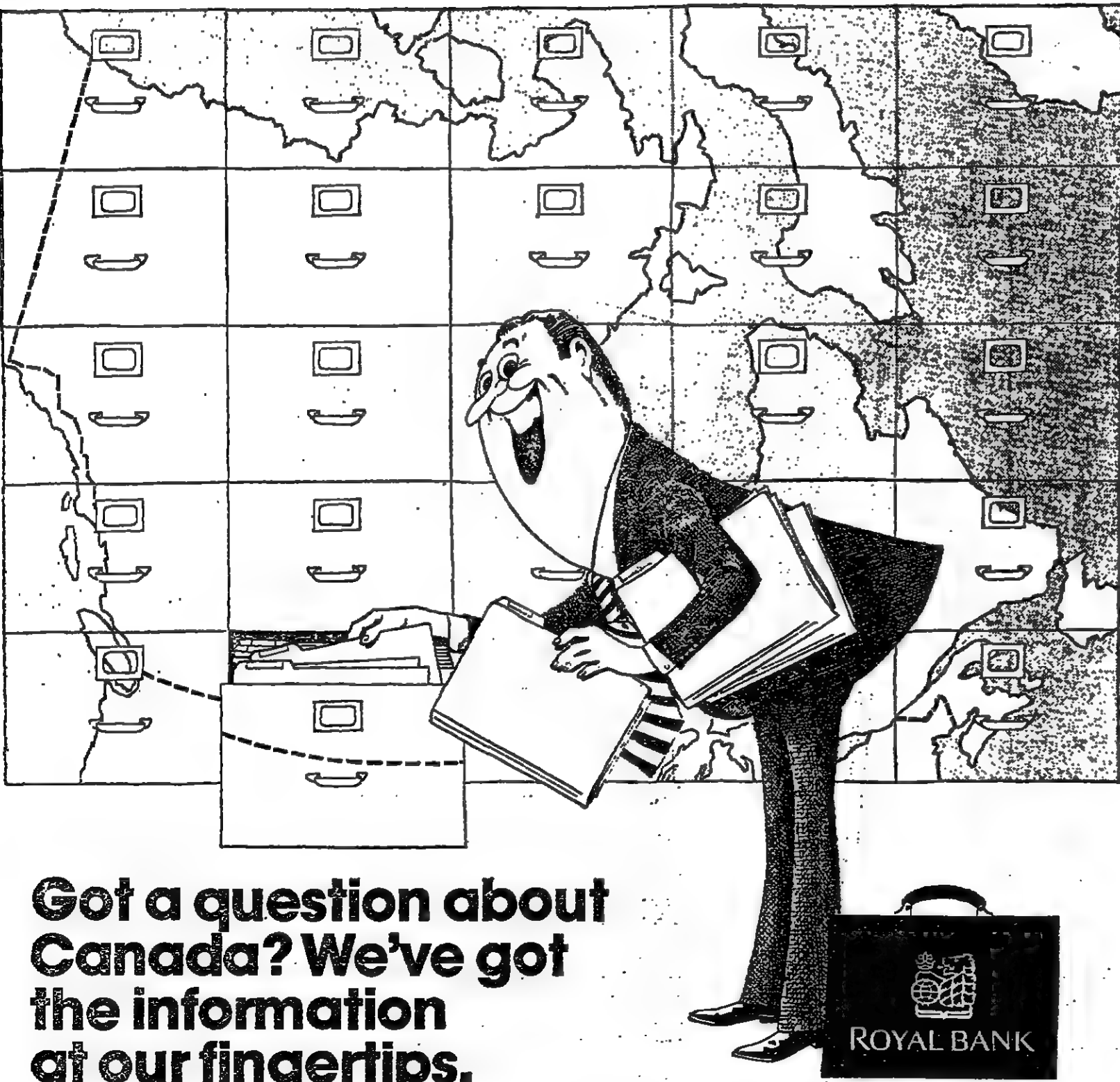
If our cartoonist had better informed, he have portrayed his Ca not in Davy Crocke and snow shoes but United Nations blue somewhere in Sinal cing to keep Greek and apart in Cyprus. Fo in the developing co and in the trouble so Canadians have realy their mark. There are ably more familiar i natives of Glasco or Golan Heights than o of Glasgow or Goidi.

Canadian soldiers can part in every Nations peacekeepi since 1948, while dian taxpayers have a more than 70 countrie generous grants and since the end of the World War. There e developing countries Canadian doctors, o technicians have foot whether repre Government, univers church.

Not that all this is a free of self-interest. Canadian aid prog chief has said: "V good for the world i for Canada". In fa economist has cal that the dollar va Canada's gain in ma resources from the d ing countries — let from other countrie Britain—far exceeds i tribution in foreign those countries.

But to revert to th tion: "What is a dian?" Perhaps it is answerable, for wha mon born can tw m who live the full v the North Atlantic w in British Columbia, other in Newfoundland could be argued that Yorker and a Toro who by comparison l down the road fr another, have more mon.

Pressed to expl difference between dians and Americ anyone else), a you sophy graduate an selves as different. ing, else, this m different. Perhaps t near to the answer



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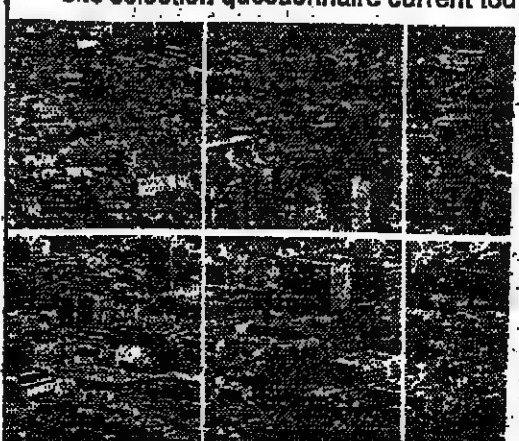
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IE NEED FOR A GUILLOTINE

Iony Benn went further today than any minister has since the referendum two ago to indicate disapproval of the EEC. That was not with the "position" he took. He was one of minority in Sir Harold's Cabinet to take advantage of the "agreement" in order to keep the British remaining in the Community. Whatever one may think of that constitutional device, Mr Benn was not in doing so. But the of that agreement was that ministers should be free press conflicting opinions. The campaign they then all accept the of the electorate. Any of the Government who felt unable, consequently to do so would, of course, the alternative of resignation. Mr Benn has not resigned, remarks yesterday, while carefully phrased, were not those of a man who accepted the result of the referendum as the final product of the British.

It is undoubtedly a majority for direct elections, but equally certain a considerable minority that will be prepared and equipped to block a Bill unless it is pushed through forcefully and skillfully by the Government. This means in effect that the Government must be prepared to introduce a guillotine at the appropriate moment. For such a moment to come three conditions would have to be fulfilled. First, it would have to be shown that reasonable progress was not possible without a guillotine. Secondly, that a guillotine motion offered sufficient time for adequate discussion of outstanding issues. And thirdly, there would have to be some indication that the Government was prepared to take serious account of contrary points of view, so that the procedures of Parliament would not be used simply to stifle all possibility of constructive amendment. The demand therefore should not be for a promise to introduce a guillotine at a specific point in time, but to undertake to do so when necessary as a general indication of serious intent.

Without such an undertaking it is hard to see how the Liberals can reasonably expect their pact with the Government. The terms of that pact not only prevented an immediate election which would have suited neither party. They also ensured that the Liberals would be seen to be in close embrace with the Government, a position in which they would be bound to share the blame, whatever might happen to any praise that might be going. Such a strategy required the Liberals to be able to exercise, and to be seen to exercise, a positive as well as a negative influence on Government policy.

European aircraft: competing with US

From Sir Morien Morgan, FRSE
Sir, My time in Whitehall taught me what an embarrassment it could be when they burst into print in reputable journals on matters no longer directly of their concern. I feel impelled, however, to break a self-denying ordinance after reading a defeatist piece by your air correspondent, which appeared in your "European Technology" special report of May 30.

His judgement is that "the chance of establishing a European aircraft industry has now gone, almost certainly for good", while conceding that this might well result in our European aircraft manufacturers "being reduced to subcontractors to the industry in the United States". He leaves it at that.

I trust that his judgement is wrong. Given political will from the three dominant European nations in aerospace matters—France, Germany and ourselves—there is time to get things straight.

Points to be made are these:

(i) Aerospace business is sensitive to the swings in national, regional or world fortunes which will certainly persist for many years to come. During a recession the sub-contractors usually suffer more pain and distress than the parent organisation.

(ii) Aerospace embraces both aeroplanes and guided missiles. During a debate on the future it seems a modern device to trumpet the swiftest access to the European community of which we are now part, the civil aircraft producers are having a tough time, and the military aircraft teams possibly a less tough time. My impression is that the guided weapon people are doing rather well—seen in the context of the export figures which provide the touchstone for your correspondent's pessimism.

(iii) During the period 1963-69, when I served in turn as Controller of Aircraft and as Controller of

Guided Weapons and Electronics, the seeds of most of the joint projects mentioned by your correspondent were either being planted or at an early stage of growth. While potential exports were of course in all our minds, a dominating consideration was the size of the home European market. This was the main driving force to joint projects. The needs of Europe were—and still are—substantial.

(iv) There is general agreement that the scientists and engineers on these joint ventures have in almost all cases delivered the goods superbly. They have shown that, at the sharp end, co-operation between Britain and our cross-channel partners in aerospace research, development and production is totally feasible.

(v) Looking ahead, the crying need is for greater coherence in the procurement policies of the European nations. Should this be achieved there is very prospect of many future aerospace projects making sense in terms of supplying the European market, with exports naturally flowing from a firm home base—a situation North America has been in for several decades in aerospace affairs.

Summing up, friendly co-operation and indeed competition between Europe and the USA, each playing from strength, is one thing. Subservience is something very different, quite alien to the European tradition and character. In such matters our newly nationalised aerospace industry and our political masters, with their colleagues in the European Community, have an immense responsibility. I retain my confidence in the British and the Welsh opticians—that they will rise to the challenge.

Yours sincerely,
MORIEN MORGAN,
The Master's Lodge,
Downing College,
Cambridge.

The legislative programme

From Sir Desmond Heape, and others
Sir, Now for the first time in a great many years there is a lull in the torrent of legislation. The public, in recent years particularly, have become increasingly aware of the confusion and damage caused to them by the spate of Acts and their consequent Regulations and Orders. The mood and the moment are apt to reconsider the management of the legislative system. Congestion is the main cause. It is brought about mainly by the urge, of whatever party is in power, to carry into legislation every part of their self-determined, pre-arranged programme. In consequence major Bills are guillotined or lost, while important pressing but lesser reforms are halted by legislative thrombosis.

In these circumstances the prime demand on both Houses of Parliament becomes legislation by volume. Far more measures are introduced than can be considered adequately or thoroughly in the five years that are the maximum life of any Parliament. The legislative machine has been choked with Bills, some of which, introduced at speed, are necessarily ill thought out, hurriedly drafted and replete with patent and latent defects. The debacle arising from the question of nationalising the aircraft and shipbuilding industries and the refusal of the House of Commons to accept the guillotine motion on the Bill for Scotland and Wales devolution show clearly the present state that has been reached. The law reform committee of the Law Society recently submitted a memorandum to the Lord Chancellor and the Lord President of the Council, on the form and not the politics of the latter Bill, and commented that detailed provisions for the schemes of devolution for Scotland and Wales seemed to have been "scrambled together" in a way that made the Bill very confusing and difficult to follow. It is that the way to carry out major changes in the constitution of the United Kingdom and to vary the effect of the Act of Union?

For years it has been virtually impossible for the House of Commons to give thoughtful deliberation to Bills dealing with the important technical matters affecting the citizen. This deficiency has, until recently, been partly remedied by the work of the House of Lords as a revising chamber. It now appears from a report of a Select

Committee of that House, published on May 11, that as a result of the congestion in legislative business for the latter part of a parliamentary session, the House of Lords has to scrutinise legislation much more quickly than normal and the intervals between Bills are unacceptably short. The guillotining of five major Bills in the Commons in the last session and the consequent need for especially careful scrutiny of them by the House of Lords became more important.

The quality of our legislation has been adversely affected in substance and form as never before. Much that reaches our statute book is not worthy of the legislature of any country, let alone of the Mother of Parliaments. Many deficiencies in the statute book have been attributed to parliamentary draftsmen.

In the present context they are among the victims of the system. Their work is prepared under great pressure and conditions of strain; in substance, form and detail drafting must be shaped and trimmed to fit in with political demands, the legislative time table and parliamentary procedure.

The present temporary relief from legislative pressures offers a rare opportunity for a thoughtful debate on the management of our legislative system. We believe such a debate to be widely desired by the public who must comply with legislation. The Renton Committee on the Preparation of Legislation made numerous criticisms and many valuable suggestions for achieving greater simplicity and clarity. But they were precluded from considering vital aspects of the legislative programme by their terms of reference. Those terms excluded "consideration of matters relating to policy formulation and the legislative programme". Thus the central problems of legislative congestion have yet to be examined.

General debate on these topics can be of great value. But we suggest that fuller investigation and more detailed thought is needed into the processes and procedures that regulate the legislative programme itself. What is required is a Royal Commission with broad terms of reference to investigate this subject on the lines of that now investigating the legal services. We have the honour to be Sir, Your obedient servants,
DESMOND HEAPE,
Chairman, Statute Law Society,
FRANK LAYFIELD,
HEDLEY MARSHALL,
The Statute Law Society,
35 Basinghall Street, EC2,
May 31.

SE TO GIVE THE SYSTEM A CHANCE

A new procedure for complaints against the police, came into force on today, has got off to a very start, with the Police station having recommended 104,000 members that they should cooperate in the new. The police as a whole made no secret of their intention to the introduction of dependent complaints procedure. The active withdrawal of action by the body representing the vast majority of all men goes much further, an expression of dissatisfaction.

Police Federation says various Home Secretary, Mr Jenkins, gave an understanding that if the new procedure introduced, police officers were the subject of a complaint would have the legal right to a copy of the lettering the complaint, so that it turned out to have been made with malice, the man concerned could a civil action for libel. Federation now says that understanding has been broken, because the new regulation provide a chief constable with a wide discretion whether or not to let the policeman complained to have a copy of the lettering.

chief officers should supply any policeman against whom a complaint is made with a copy of it, after the case has been closed, if he so requests "and if it would not in the particular circumstances of the case be contrary to the public interest to do so". The regulation which came into force on Wednesday provides that the policeman can obtain a copy of the letter of complaint on request, except where the chief officer is of the opinion that to supply him with the letter "might prejudice any criminal investigation or proceedings then pending" or that he is of the opinion that it would otherwise be contrary to the public interest to comply with the request. In the case of the public interest test, the Home Secretary would also have to agree that the letter should not be supplied, but his intervention is not provided for if the decision is one based on possible prejudice to criminal proceedings.

The Police Federation says that the regulations go beyond Mr Jenkins's statement in Parliament and the agreement reached during discussions between them. It is suspicious of the discretionary power, without appeal, given to chief constables and does not consider that the Home Secretary's part in a "public interest" decision provides any safeguard.

In practice, the number of occasions on which a chief constable will refuse to allow a policeman to see the letter of complaint against him will be small. Mr Rees, the Home Secretary, has expressed confidence that such cases will be "extremely rare". Even where the letter is withheld for some time, while investigations or proceedings are under way, the police officer will eventually be entitled to a copy, in ample time for him to be able to start a civil action if such is warranted. In any event, the number of libel actions which could be successfully brought by a police officer against a member of the public arising out of a complaint would be small. The policeman would have to prove that the complaint was brought maliciously, without genuine belief in its truth; for some ulterior motive. Few things are more difficult to prove in a court than someone else's malice. There could only be very few cases in which a police officer would be actively prejudiced by not having an immediate copy of the letter of complaint about him. The Police Federation should give the system a chance of working, for a year or two. If, during that time, chief constables are seen to be abusing their discretion to withhold letters from the policeman concerned, or the proportion of letters withheld exceeds the tiny amount predicted, the Federation would then be in an excellent position to press for changes in the regulations, and it would more easily be able to call on support for that approach. In the meantime, it would not be justified in refusing to play its part in operating a law that Parliament has passed and that ought to work far better in practice than it now does.

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Treasury influence

From the Editor of Tribune
Sir, I wonder what sort of pressure would occur if a retiring Chief Economic Adviser to the Treasury during a period of Conservative Government were interviewed by The Times and said: "One of our deep troubles is that we are absolutely schizophrenic about public ownership. We have never made up our minds whether to go for capitalism or to have an efficient socialism. As a result, we have messed up socialism. It is much more easily possible to have an efficient economy based on public ownership than I do an efficient capitalist economy."

In fact, as your readers will no doubt have remarked, the quotation from Sir Bryan Hopkin, retiring Chief Economic Adviser to the Treasury, which you published on

May 31, was: "One of our deep troubles is that we are absolutely schizophrenic about private enterprise. We have never made up our minds whether to go for socialism or to have an efficient capitalism. As a result, we have messed up capitalism. It is much more easily possible to have an efficient economy than I do an efficient socialist economy."

Sir Bryan became Chief Economic Adviser in October, 1974—at the outset of the Labour Government's term of office with a majority in the House of Commons. Do you wonder that some of us who are on the left of the Labour Party harbour the worst thoughts about the baleful influence of the Treasury on the British economy?

Yours faithfully,
RICHARD CLEMENTS, Editor,
Tribune,
24 St John Street, EC1.

EEC membership

From Mr Frank Paton
Sir, The rights or wrongs of British membership of the Common Market should not be judged in the light of the Common Agricultural Policy or the mirage of lost opportunities to acquire supplies of basic foodstuffs on an illusory world market; only two years ago the national referendum confirmed Parliament's decision that Britain should join the EEC and develop a new role in world affairs as a full partner in the economic and political development of Europe and public opinion today would still, on balance and after opportunity for reflection, confirm that major and unique national decision.

Have we such a paucity of outlook as to be lacking in courage and are we so irresponsible in our guardianship of our national heritage to judge and evaluate our role in the world only on transitory food prices and marginal commercial surpluses of dairy products? I do not think so. . . . The European ideal is about nations coming together to develop a society which values democracy, culture, education, trade, employment and a quality of life in terms of health, welfare and food supplies and which

through its size and influence has a duty to help develop less fortunate parts of the world.

The reasons that the majority wish to see a full-hearted British involvement in Europe are clear; the people in this country have lived for long enough under the clouds of economic failure and international demise; there is no denying that when the history of this century is written that the major analysis will centre on the collapse of British standing and influence in the world Community. Nothing succeeds like success and the people of this country know intuitively that we have the opportunity of embarking on a further 1,000 years of creative influence in the world by fulfilling our treaty obligations and adapting to the European lifestyle.

This concept is perhaps the richest, most creative legacy we could pass on to our children. Let us do it confidently, gladly and willingly.

Yours faithfully,
FRANK PATON,
Smeeth House,
Enmore,
Bridgewater,
Somerset,
May 31.

St Alban and St George

From Mrs John de Gannesford
Sir, The Church of England may have abandoned belief in St George, and veneration for him as patron of England, but the Catholic Church has not. April 23 is kept with all solemnity as the feast of St George the Martyr, Patron of England (of Weekday Missal, published 1975).

The historical debunking of St George by which the English are "cursed with a patron saint who had the carelessness not to exist" (The Times, May 30) rings strangely, since the historical evidence for the debunking is not specified. It cannot surely be a simple misrepresentation of the words of Pope Paul VI, since as most Englishmen know from their Thirty Nine Articles, "the bishop of Rome hath no jurisdiction in this Realm of England".

In any case, the Pope did not say that St George did not exist, nor did he impugn his sanctity. He merely requested that in future the dedication of new churches would be better made to saints about whom more was known. He specifically stated that in places where there was already a local veneration of St George, then this veneration should continue, and his feast be kept with traditional solemnity. From my own knowledge, this is observed by the Catholic Church in Tyrol, in Portugal, among eastern Irish Catholics in Genoa, and of course in England, where devotion to St George came back with returning Crusaders who believed that the soldier-saint had been seen leading them in battle on at least three occasions (Aston, Montagu and Acra) wearing the distinctive red cross adopted by the English Crusaders. Belief in what they had seen was strong enough for veneration of St George to supersede that of an earlier patron saint of England, St Edward the Confessor, and by c 1322 St George was recognized as Patron of England. Mass belief is not necessarily the same as mass hysteria;

there are many people living still who believe that they saw the Angel of Mons.

"Imported and artificial" as veneration of St George may seem to your Religious Affairs Correspondent, the evidence is that it was not so. In fact first Englishmen to adopt it; it must have seemed to them not so much that they had chosen St George, as that he had chosen them. What will Mr Lousche be suggesting next—that we change the traditional date of Shakespeare's birthday to June 23?

Yours faithfully,
JANET DE GAYNESFORD,
Lady Margaret Hall,
Oxford.

From Mr Andrew Breeze
Sir, Alban the Christian martyr, yes: Englishman, no. All credit to the Dean of St Alban's for his devotion to St Alban, but before proposing him as England's patron saint, let him remember that Alban was a Briton, that he spoke British (the Celtic language ancestor of Welsh), that he is first mentioned by the Welsh writer Gildas, and that he was born anything up to 200 years before the English first saw these islands—when "England" was hardly more than a nest of heathen pirates somewhere near Schleswig-Holstein.

Yours faithfully,
ANDREW BREEZE,
St John's College,
Oxford,
May 30.

g unemployed

Ir L. P. Bayly
Your leading article on May 1 points out the importance of people acquiring skills. I think many readers would wish to know: what skills?

I am a young man, 21, who left school last summer with two CSE passes. You are asked for an apprenticeship (I do not expect to be there) in a traditional home industry, but I have applied for half a dozen and been turned down. It is a pity. Your self-confidence, you have forgotten the advice you received at school and university. You had neither know where to go nor any longer possess the start. Who is to tell you what you need and how are you to be able to learn them?

It was in fact, typical of 10,000 boys and girls last year. There will be more of them.

Work Experience Programme to provide young people with opportunity to learn about the work in the home and to see its disciplines and satisfaction. It aims to help them to develop their self-confidence, to work and communicate with others, to find out where their aptitudes lie, and to motivate them to develop them.

The programme is not intended to provide young people with a job, even temporary ones, designed to provide a bridge between school and work, or to provide a means of earning money. It is a programme to help them to develop their self-confidence, to work and communicate with others, to find out where their aptitudes lie, and to motivate them to develop them.

The programme is not intended to provide young people with a job, even temporary ones, designed to provide a bridge between school and work, or to provide a means of earning money. It is a programme to help them to develop their self-confidence, to work and communicate with others, to find out where their aptitudes lie, and to motivate them to develop them.

a substitute for a job or for skill training, but for many young people may be an essential prerequisite for either. It is for this reason that work experience is one form of another is at the heart of the proposed Youth Opportunities Programme.

Yours faithfully,
L. P. BAYLY, Director,
Work Experience Programme,
Manpower Services Commission,
166 High Holborn, W.C1.

Invisible exports
From the Director-General of the Committee on Invisible Exports
Sir, British Gas (letter, June 1), has at last revealed the source of the "invisible" statistics used in their recent series of misleading advertisements.

The net figure of £1,900 million (later corrected to £2,170 million) apparently taken from the official Monthly Digest to Statistics, and according to Mr Vinegrad, "shows the whole picture". I wonder if he fully realized what that implies. The figure British Gas chose to represent the earnings of Britain's invisible exports actually included:

(a) The whole of the Government's expenditure overseas on defence, aid, and payment of official interest on foreign debts.

(b) The whole of the country's payments to foreigners for services (ie, the equivalent of the import bill).

If these two items, which naturally produce large deficits, are allowed for, the £1,900 million (or £2,170 million) becomes no less than £12,800 million. Quite a difference.

I suggest that British Gas and its advisers do a little more homework before using comparative statistics in future.

Yours faithfully,
WILLIAM CLARKE,
Director-General,
Committee on Invisible Exports,
7th Floor,
The Stock Exchange, EC2.

Judges and trade unions

From Dr Paul O'Higgins and Mr Martin Partington
Sir, One of the first letters in your current correspondence on the judges and trade union rights, from Mr R. W. M. Dias (May 19, 1977), cited an article published in the Modern Law Review (1969), vol 32, p 53, which was written by Mr Dias purporting to use the article to answer the question raised in his speech about the attitude of judges in trade union cases. We wish to point out that the article cannot be used in this clear-cut way: our conclusions were more tentative.

First, the mere fact that "there was less statistical evidence of the influence of judicial bias than might a priori have been expected" indicates that we were only engaged in a statistical analysis; we did not analyse the substance of the judgments. Furthermore, one of the reasons for this conclusion, clear from its context in the article, is that we only had a relatively small number of cases to analyse.

However even within the severe limitations of our study, we did discover that of eight cases that had been to the House of Lords, five were decided against the interests of workers, whereas six of those same eight cases were decided in favour of workers' interests in the Court of Appeal.

This evidence clearly indicates that there is great uncertainty in much of the relevant law. It seems arguable, to say the least, that in areas of law of such uncertainty, where judges will have to use considerable discretion in the interpretation of the law, their "undisclosed social and political prejudices" (which is how we defined "bias" at the beginning of the article) will be important factors in the determination of cases.

Yours sincerely,
P. O'HIGGINS,
Christ's College,
Cambridge.
MARTIN PARTINGTON,
Law Department,
London School of Economics
and Political Science, WC2.

The penal system

From Lord Longford
Sir, Anyone who tries to help prisoners, or is concerned with penal reform, is asked repeatedly the question: "Why don't you do something for the crime?"

Some of us have made abortive efforts to meet that reproach. In the early 1960s, I, for example, was involved in an attempt to start a society for victims in the chairmanship of a committee organized by Justice and raising a debate on this issue in the House of Lords. A little later came the establishment of the Criminal Injuries Compensation Board in 1964. It was not, and still is not, a statutory body. Its benefits are confined almost entirely to victims of crime. In spite of small changes, the 1964 provision still represents in essence the very limited compensation that we provide today for victims of crime. Recently there have been local attempts to provide additional help. All credit and good luck to their

authors! For very understandable reasons of all law-abiding groups in the community, victims are the least anxious to call attention to themselves in public. By and large they probably receive less of their desert than they are entitled to. Surely it is high time that the whole problem of helping the victims of crime was tackled on a national basis? In the end large scale government action must come, but in the meantime well disposed citizens could do so much more than is being done now by individual benevolence.

I am opening a debate on "The Crisis in the Penal System" in the House of Lords on June 29. I would be glad indeed if anyone who has ideas to contribute on the question of how to help victims of crime could communicate with me (c/o The House of Lords) in the next few weeks.

Yours sincerely,
LONGFORD,
House of Lords,
May 30.

Arrests in Lewisham

From Mr Asquith Gibbs
Sir, Permit me to put the record straight regarding your The Times report's news story of May 31 relating to the arrest of 21 coloured youths in the Borough of Lewisham. He said that "police have been supported in their inquiries by community relations leaders".

Under the Police Liaison Scheme operating in this borough, senior police officers in the division informed my colleague, Bob Orville, and me only after the operation had been completed. We were further told that no one had resisted arrest and neither was there any confrontation of any kind. I would also point out that we had no prior knowledge of the police operations which led to the raids and arrests.

On inquiry about what charges were likely to be made, we were

further informed that as soon as the police had completed investigations this information would be communicated to us. This was in fact the case.

Yours faithfully,
ASQUITH GIBBS,
Senior Community Relations Officer,
Lewisham Council for Community Relations,
48 Lewisham High Street, SE13,
June 1.

Seat belts

From Mrs Miriam Walpole
Sir, My height is 5ft 0in.

Since first owning a car with fitted seat belts, I have successfully owned a Morris Oxford, a Viva, an Escort, a Fiat and now a Mini.

In every case, the diagonal part of the belt has cut across the neck instead of lying comfortably across the shoulder, thus greatly increasing my chance of dying by strangulation. I used to deal with this possibility very simply—I didn't wear the belt!

Now that there is talk of the wearing of the belt becoming law, I have inquired at my garage whether it would be possible to lower the fitting on the Mini. I was told this would require major structural alterations and could cost in the region of £100.

This is nearly as unacceptable as strangulation!

Yours faithfully,
MIRIAM WALPOLE,
9 Westminster Court,
St Albans,
May 30.

Errol Flynn manner through a window or swinging on a convenient chandelier. But Mozart and Da Ponte are scrupulous in their stage directions and there is nothing special in the text. Therefore I believe Don Giovanni is meant to stay.

In the first part of the final ensemble, he shares his confusion with the audience (not with his accusers), and then states that nothing will ever shake his arrogant courage. All this is out of real time. Don Giovanni is soliloquising to the audience. And that is how Act I ends. It is a moral curtain, not a piece of empty theatricality.

What I've done may or may not work; that is for others to judge. But an escape is not what Mozart asked for.

Yours faithfully,
PETER HALL,
National Theatre,
Upper Ground,
South Bank, SE1,
June 2.

'Don Giovanni'

From Mr Peter Hall
Sir, Mr William Mann, in his notice of my production of Don Giovanni at Glydebourne, states "the party should end with the escape of Don Giovanni".

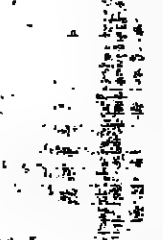
I respect Mr Mann as a Mozart scholar, but I must point out that what he says is incorrect.

It is certainly stage practice for Don Giovanni to escape from a crowded stage by jumping in an

Jubilee bards

From D. W. Taylor
Sir, In your notice—For months the tins have systematically raved our most bottle tops. Now comes the special Jubilee top, and on successive days this has been left inviolate. Surely this act of conspicuous loyalty ought not to go unrecorded?

Yours, etc,
DAVID TAYLOR,
Watford Grammar School,
Rickmansworth Road,
Watford,
May 27.



cast of 6.5pc
tion in
rica by end
ar, page 16

THE TIMES

BUSINESS NEWS

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EC wins Government backing to take control of national generator company

ice Corina
d Editor
d Electric Company,
managing director, Sir
Weinstock, recently met
a Minister, has won the
of both the Govern-
d, the National Emer-
ard to take control of
national turbine genera-
any.

as revealed yesterday
sitting in Whitehall) be-
r Varley, Secretary of
r Industry, and trade
representatives.

5,000 jobs will be lost
new years if the
s, ahead of the Con-
g of Shipbuilding and
ing Unions. Imme-
nderstood to convene a
ative meeting before
the Government's
sactions.

cale redundancies are
the Government to be
table consequence of
table merger, yet to
ated, between GEC's
business and its main
r in the United King-
war station market.

Parsons (which has
sitting to win orders
ment at the proposed
oil-fired power station
Yorkshire).

understood that Mr
meeting with trade
representatives had to
be temporarily while
ers' spokesman, cover-
r Parsons, Babcock &
and Clarke Chapman
treat as well as the
ation, consulted among
es.

they returned, their
en stated they had
further to say, but then
any questions, decline
the Government any
e reactions.

arley, after months of

intense negotiations and lobby-
ing by all parties to the power
station equipment crisis, told
the men that the Central Policy
Review Staff report on orders
and structure had indicated the
industry was under severe
threat. Effective action had to
be taken to preserve an
industry capable of supplying
the home market and compet-
ing successfully overseas.

The Government had
accepted these conclusions. Dis-
cussion had been about how to
achieve the objective of a com-
petitive industry and to
preserve the maximum number
of jobs.

He stressed the realism of
the situation. The Government
recognised that in relation to
the likely level of orders, "some
significant contraction" was
inevitable.

In a statement after meet-
ing in unions, Mr Varley said:
"After full consideration of
the situation, the National
Enterprise Board advised the
Government plainly that the
right solution was to form a
single company under the
control of GEC."

This formal advice from the
restructured NEB was based on
the relative strengths of the
two turbine generator-making
concerns, in financial terms
and in the market place, and
the need for a credible British
company to be able to deploy
resources comparable to those
of competing foreign manufac-
turers.

For its part, the Government
would do all it could in con-
sultation with the companies,
the NEB and the Confederation
to secure a competitive turbine
generator industry offering the
prospect of secure employment
in the long term. Recognising
the skills and great strength in
both the GEC and Parsons
workforces, the objective was



Sir Arnold Weinstock, managing director of GEC, recently met the Prime Minister.

to secure a solution preserving
the best of both.

In particular, the solution
would ensure continued em-
ployment on generators making
at the Parsons plant at Beaton
as well as in GEC factories.

The aim had been to find an
arrangement which would ade-
quately safeguard the future of
Beaton while at the same time
establishing a strong company
able to compete in export mar-
kets.

Mr Varley's statement then
declared: "A substantial NEB
presided over the merger of
GEC and Parsons, and this is
accepted by both companies."

The Secretary of State
pointed out to yesterday's
meeting that the order for the
Drax power station would be
part of a minimum order pro-
gramme by the Central
Electricity Generating Board if
restructuring went ahead.

But it would not be itself
solve the industry's problems.
He appealed to the unions "to

face the realities of the situa-
tion" and the fact that, without
restructuring into a single
turbine generator company
with a shareholding
yet to be indicated.

There are more than 16,000
workers employed in turbine
generator making and another
18,000 in the boiler-making
industry. They are employed
in factories in Lancashire, Man-
chester, Rugby, Stafford, New-
castle, Dumbarton, Renfrew,
London, Garshead, Derby, and
Wolverhampton.

For together, GEC and
Parsons would have about 8 per
cent of world turbine capacity
and, slumped down to more
efficient working, face Ameri-
can, Swiss, French, Italian and
German groups, who have all
recognized.

The Government's view has
been that an order for Drax
generators from Parsons would
be only a short-term measure
to ease unemployment.
Government "giving in" to
page 16

CBI document sets out new thinking for future pay deals

By Malcolm Brown
Industrial leaders want the
pay bargaining season to be
telegraphed into a period of
three or four months.

This is one of the key re-
forms outlined by the Con-
federation of British Industry
in a discussion document, *The
Future of Pay Determination*,
published yesterday.

The CBI also proposes: new
machinery to reach a national
agreement on what the country
can afford in pay increases; a
commitment by the Government
to firm action in expenditure
control and as a pay bargainer
in the public sector; and an
attempt to restore a more
equitable balance of bargaining
power.

Lord Watkinson, the CBI
president, said the document
was being published against a
background in which the real
earnings of British workers
were "pathetic" compared with
Americans and Germans.

"We are becoming hewers
of wood and drawers of water,"
the CBI president said.

The purpose of the document
is to stimulate discussion in the
hope that a new agreed system
of bargaining could be intro-
duced when phase three runs
out in August, 1978.

The aim, the CBI document
says, must be to adapt the pay
bargaining period between
January and April. Again there
are a number of difficulties in
shifting the timing of the
Budget, although these need
not necessarily be insuperable.

"Yet a third option would be
to change the order of events
and place the pay bargaining
round between the period of
reaching consensus on broad
economic objectives and the
spring Budget. This too has its
disadvantages but in the short
term could be the easiest to
accommodate with the mini-
mum of change."

Government, employers, unions,
Parliament and perhaps other
interests.

The confederation is not
specific about the kind of
mechanism it has in mind, but
the sort of systems which it has
studied in detail include the
German "concerted action" and
the Austrian parity commission.

The idea is that the broad
consensus reached on economic
prospects and their implications
would be reflected in the annual
Budget and would also play a
part in influencing the level of
pay expectations, claims and
settlements.

This period of reaching con-
sensus, the Budget and the bar-
gaining round would have to
follow each other closely to
attain maximum impact, but
there are still no firm ideas on
the shape that the annual
calendar might take.

"One way," says the docu-
ment, "would be to keep to the
traditional timing of the spring
Budget and follow this with the
main period of pay bargaining."

However, this would clash with
the union conference season
and present severe logistical
problems.

"A second option would be
to change the timing of the
Budget to late November or
early December, thus placing
the bargaining period between
January and April. Again there
are a number of difficulties in
shifting the timing of the
Budget, although these need
not necessarily be insuperable."

"Yet a third option would be
to change the order of events
and place the pay bargaining
round between the period of
reaching consensus on broad
economic objectives and the
spring Budget. This too has its
disadvantages but in the short
term could be the easiest to
accommodate with the mini-
mum of change."

Equipment cuts at PO defended in report

By Edward Townsend
The Posner report, com-
missioned by the Government
in March to investigate the cuts
institute by the Post Office in
its telephone exchange equip-
ment ordering programme, has
broadly endorsed the decision.

The report, compiled by Mr
Michael Posner, a Cambridge
economist, states that it is right
that the Post Office's top
management should endeavour
to save money both for the tax-
payer and their customers by
cutting back on orders which
it believes to be unnecessary.

Mr Posner says his analysis
makes quite clear that on nor-
mal commercial grounds, and
against a background of the
existing level and structure of
prices, it would be bad business
practice for the Post Office to
increase any of its orders, above
the levels announced in Novem-
ber, 1976.

The Government asked Mr
Posner to undertake the inquiry
after intense pressure from the
telecommunications industry,
which was disturbed that the
cuts in exchange equipment
spending announced by the
Post Office last November
could cost the industry 15,000
fewer jobs over a two-year
period.

In March, Plessey announced
4,000 redundancies.

Mr Posner declares that the
Post Office had been "broadly
correct" although the man-
ner in which the decision was
announced was "unpleasantly
brusque."

He adds: "To a large extent
the complaints caused by these
decisions stem from the abrupt-
ness with which they were
announced, and I have
expressed the hope that a new
and somewhat better relation-
ship between the Post Office
and its suppliers can be rapidly
developed. The next
wave of technical change."

Mr Posner suggests that even
though there may be a greater
number of redundancies in the
future, the volume of orders
for Strowger exchange equip-
ment in the November 1976
ordering programme might be
brought forward from the later
to the earlier years.

Publishing the report yester-
day, the Department of Industry
said it was at the Government's
request that the Post Office
make the decision public on the
same day that it communicated
it to the manufacturers.

On a matter with such major
consequences for employment,
consultations could take place
immediately.

Mr Posner dismisses the
suggestion that the Post
Office's ordering decision may
be at fault on the grounds that
its pricing policies may be
wrong.

He also concludes: "More
equipment is probably worth so
little to the Post Office that,
however reasonably high we
set the cost to society as a
whole of the lost job opportuni-
ties in the supplying firms,
there is no level of subsidy that
we could reasonably say that
would induce the Post Office to
order more."

Public borrowing cuts its hope of deflation

Whitmore
Correspondent
1976-77 financial year
sector borrowing re-
has emerged as
marginally below the
the most recent esti-
trend continues
that the Chancellor
scope for a measure of
deflation this summer.

As much scope Mr
feel he has at his
a moot point. The
adjusted PSBR in the
if of the latest finan-
dropped to just over
from £5,300m in the
six months.

One has to take into
the effect of the tax
for the current finan-
already implemented
used, the general
n is that the Chan-
still have leeway to
her tax cuts this sum-
remain within his
arget for 1977-78. The
the present year, as
last December's Letter
to the IMF, is £8,700m.
al figure of £8,725m
76-77 fiscal year com-
a figure of £8,820m
at the time of the
dget, and the substan-

tially higher figures forecast at
earlier dates—namely the total
of just under £12,000m set out
in the Budget of April, 1976.

The outcome for the final
quarter of the financial year—the
first quarter of calendar
1977—was £1,721m, of which
£1,182m was accounted for by
the Central Government
Borrowing Requirement.

Among the other components
making up the overall PSBR
total for the quarter, there were
sharp changes in the pattern
of public corporation and local
authority borrowing. Overall
borrowing by public corpora-
tions fell sharply to £245m
with the whole of this borrow-
ing supplied by central govern-
ment.

Local authority borrowing, on
the other hand, rose extremely
sharply, though not unexpect-
edly, to £323m, in a sharp con-
trast to the £100m borrowed
from central government.

A particular feature of this
rise in borrowing was the
emphasis on longer-term
borrowing, with temporary
borrowing run down by £103m.
The fall sharply in the in-
terest rate costs involved in
issuing longer-term debt, and
the fact that the Treasury
has been encouraging local
authorities to fund longer after
a big reduction in a short-
term liabilities recently.

Table, page 16

Rich and poor nations conclude their Paris discussions as far apart as ever

From Melvyn Westlake
Paris, June 2
Intense all-night talks failed
to produce any significant area
of agreement on which to con-
clude the 18-month conference
here between representatives of
27 of the world's rich and poor
nations.

The so-called "North-South
Dialogue" has effectively ended
with agreement on only a
limited number of mostly un-
controversial issues instead of
ending on Wednesday on a high
triumphal note with ringing
declarations and a speech by
M. Giscard d'Estaing, the French
President, as many had hoped.
It ended in a dispirited close
and was abandoned by most of
the 27 ministers who had been
here for the final session of
the conference.

Mr Cyrus Vance, United
States Secretary of State, re-
mained closeted with other min-
isters in study upstairs rooms
at the Kleber conference centre
until 3.30 in the morning. But
the disagreements on the key
issue of energy could not be
resolved.

Dr David Owen, the British
Foreign Secretary, said he
told waiting journalists four
hours later that no agreement
was possible. Energy was the
last topic on which some major

advance seemed likely. Negotia-
tions on a wide range of other
issues, cover, trade, aid, inter-
national indebtedness and inter-
national monetary reform had
already largely been given up.

The response to the failure
among delegates to the con-
ference—known formally as the
"conference on international
economic cooperation"—was
very mixed. There was wide-
spread disappointment that no
little had been achieved after
18 months of negotiations, but
there was a reluctance to use
any strong language to describe
the outcome.

The main activity throughout
today was the effort to
secure some form of agreement
to a joint communiqué to be
issued. This was no less a dif-
cult task than the negotiations
proper in spite of the very
limited amount that it appeared
necessary to say.

There seems to be a strong
desire on both sides that rela-
tions should not be soured by
the outcome of the conference,
although it is too soon to judge
and many of the developing
countries who were not them-
selves here had been taking a
more militant line than Third
World delegates at the confer-
ence.

There are also strong fears

that the failure of the northern
nations to make significant
concessions might now influence
the Opec price discussions in
Stockholm on July 12.

Some of the more "dovish"
oil exporters like Saudi Arabia
might feel compelled to go
along with higher oil prices. It
is now feared.

In spite of the damage that
an increase would do to the fin-
ances of the non-oil exporting
poor nations, the oil weapon
remains a potent threat in the
background.

The main reason for the 24-
hour delay in bringing the con-
ference to a close was the pres-
sure of the United States to
get some kind of agreement for
the creation of some fresh
arrangement to permit further
talks on energy.

It had been the original in-
tention two years ago that the
conference should be limited to
the exclusive discussion of
energy. However, the oil-ex-
porting nations had insisted on
the conference being widened
to cover finance, and raw ma-
terials and development ques-
tions. Faced with the end of
the Paris talks, the United States
were anxious that energy-re-
lated subjects should continue
to be discussed.

The 19 developing nations

were prepared to discuss energy
only with the United Nations
or a body with a similar con-
sideration which gave them a large
measure of voting power be-
cause of their numerical
majority. The United States,
in turn, wanted a restricted and
selective participation.

In addition, the poor states
demanded that energy only be
part of the discussions, which
they wished to see cover
energy, technology and the
transfer and development of
technology in general.

At the same time, the oil-
exporting countries refused to
permit oil pricing and supply
policies to be discussed at all.

Pricing is held to be the
sovereign prerogative of inde-
pendent states. The omission of
any discussions on prices would
sharply reduce the value of the
body to the rich nations, who
are effectively trying to obtain
a larger say over oil prices.

Many of the wide range of
topics being discussed at the
conference are interlinked and
the absence of any agreement
on energy raised question marks
over even those issues on which
there had been agreement. Two
other major issues at the con-
ference—debt and raw materials
also defied the achievement of
common ground.

Dell rethink on industrial democracy

Mr Dell, Secretary of State
for Trade, yesterday gave a clear
indication that he is willing to
compromise with the Govern-
ment's critics in an effort to
get legislation on industrial
democracy on the books.

Speaking at a seminar on
industrial democracy organised
in London by the Newspaper
Society, Mr Dell acknowledged
that the role of the trade
unions in the appointment of
worker directors was one of the
thorniest questions facing the
Government.

It had been argued that selec-
tion procedures which relied on
trade union machinery would
be inconsistent with democratic
principles; that those who did
not belong to a union would be
disfranchised, and that
middle and senior management
would be excluded from effective
participation.

"There is a good deal of
genuine concern about these
issues which has to be recog-
nized and we need to give the
question careful thought."

He pointed out that a number
of issues on industrial democ-
racy must come to a decision
very soon. There was still a
good deal of ground to clear
and the Government's consulta-
tions had not reached the
advanced stage it had wanted.

BAT in talks for US tobacco company

BAT Industries is negotiating
to make over the foreign activi-
ties of Lorillard, the smallest
of the major United States
tobacco companies, which
makes Kent cigarettes.

Financial Editor, page 17

General Scottish Trust limited

Results for the year ended 31st March

	1977	1976
Profit available for ordinary dividend	£264,395	£253,845
per share	22.75p	22.85p
net value per share	98.6p	91.7p
Assets	£2,897,698	£2,253,024

Salient points from Mr. P. M. Tarmac's Statement

Income for the year to 31st March 1977 increased to
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Mr Blumenthal sees trade deficit easing as economic targets achieved

Forecast of US inflation at 6.5 pc by year end

From Frank Vogl
United States Economics Correspondent
Washington, June 2

Mr Michael Blumenthal, the United States Secretary of the Treasury, today predicted that the rate of inflation in the United States would slow significantly in the second half of this year and that some decline would be seen in coming months in the rate at which the balance of trade deficit was growing.

Mr Blumenthal predicted that consumer prices here would be rising at an annual rate of about 6.5 per cent by the end of this year. In the last three months the annual, seasonally adjusted, rate of consumer price rises has been 9.9 per cent.

The Treasury chief told a press conference that the trade deficit had been running at an annual rate of about \$29,000m (about £17,000m) in the first four months of this year but for 1977 as a whole the deficit total was likely to be between \$23,000m and \$25,000m. He forecast a current account 1977 payments deficit of \$12,000m.

He noted that loan demand was still fairly weak and it seemed to be seen if market forces would permit the banks to maintain the new, high prime lending rate levels. He added that the Administration would certainly become concerned if the recent rises in short-term interest rates were followed by an upward movement in long-term rates.

Mr Blumenthal, who today held his first general press conference here since taking office in January, noted that the

economy could sustain the current levels of payments deficits.

The deficit total was likely to be reduced as progress was made in cutting energy consumption and demand for American exports strengthened as foreign countries achieved the economic growth targets agreed on at the London summit conference last month.

Mr Blumenthal stressed that substantial progress was now being made on the anti-inflation front through frequent meetings between Administration officials and leaders of American business and labour.

He said there had been several constructive talks recently with Mr George Meany, the president of the AFL-CIO trade union organization, and Mr Reginald Jones, the chairman of General Electric and one of the business community's chief spokesmen on economic affairs.

These talks should produce some concrete results by the late summer, the Treasury Secretary said.

Mr Blumenthal said there were numerous theoretical ways by which West Germany and Japan could reduce their balance of payments surpluses. He said they could ensure that their exports were floated freely; they could take action to stimulate their domestic economies; and they could increase their foreign lending by an assortment of means.

Under questioning he said that he was not suggesting that either of these countries were currently taking such action, but he added that, if the Japanese economic expansion continued, then he would

expect to see some further appreciation in the value of the yen.

He said that the Treasury Department had been reorganizing in some areas in recent months and that plans were now moving forward rapidly in drafting a tax reform programme, which may be announced by the late summer.

It was important for the International Monetary Fund to find ways it could collaborate more closely with not only national governments, but also with private banks.

This matter, however, was not the most urgent priority as the IMF now sought to establish a supplemental credit facility and move towards agreements on new member country quota increases.

He said that he expected the new IMF credit facility to be established in the "near future". But he admitted that he still did not know how much Saudi Arabia would contribute to this fund.

Half of the facility's cash would come from the surplus oil producing countries and half from the stronger industrial countries. It still appeared, according to informed sources, that the facility might not be able to obtain more than about \$8,000m to \$10,000m.

Mr Blumenthal pointed out that recent orderly marketing agreements on shoe imports with Taiwan and South Korea and on colour television imports with Japan were necessary, but that the Administration did not want to make wider use of the orderly marketing technique for restricting trade.

Government is giving in to GEC, MP says

By Peter Hill

Mr Mike Thomas, MP (Lah Newcastle-upon-Tyne East) last night launched a strong attack on the Government's attitude to GEC controlling a national generator company. Mr Thomas, who has conducted a spirited campaign on behalf of Parsons interests in his constituency, said that it now appeared that the Government was contemplating giving in to GEC's intransigence.

The fears he had expressed last month, he stated, over the Government's intentions towards C. A. Parsons and its works in his area had been confirmed by the meeting yesterday.

"It is clear that the Government, with the complicity of the NEB, is now embarked on a course of blackmailing the company and the unions into accepting a complete GEC takeover of the turbo-generator industry," Mr Thomas said.

"Every possible weapon is being deployed to make workers in this area accept a situation in which their factory, with its proud traditions of skill and technology, if GEC gets its way, will become an emasculated outpost of the GEC empire with no long-term guarantees as to its future."

This was in spite of assurances to the contrary given by ministers over the past 12 months.

The management and unions of Parsons, he said, had consistently adopted a reasonable attitude towards the restructuring of the industry and has been prepared to accept a new company in which both Parsons and GEC held a 40 per cent stake with the balance held by the NEB. But every move to achieve an equitable solution, he claimed, had been rejected out of hand by GEC.

"The Government's vacillation is threatening jobs, exports and the future of the whole power plant industry including the boiler-making sector," Mr Thomas said.

The International Monetary Fund breakdown of the bids for the takeover of Parsons, today of its latest gold auction. Some 35 separate bids from 13 companies were accepted, at prices ranging from \$143.32 an ounce to \$150 an ounce. A total of \$34,800 ounces were sold.

The breakdown of the bids shows that there was, in fact, just one bid for 8,000 ounces made at the top price of \$150 an ounce. There were no other bids above \$147, but there were five for a total of 56,800 ounces at prices ranging from \$145 to \$146.99 an ounce.

In addition, there were 14 final bids received for 202,400 ounces at prices between \$144 and \$144.99 per ounce and 26 bids were received (not all of which were successful) for 398,000 ounces at prices ranging from \$143 to \$143.99.

There were bids altogether for just over a million ounces. The successful bidders were: N. M. Rothschild, Samuel Montagu and Johnson Matthey Bankers, all of London, the Swiss Bank Corporation, Union Bank of Switzerland, Bank Leu AG of Zurich, Swiss Credit Bank, Dresdner Bank, Degussa of Frankfurt, The Bank of Nova Scotia, J. Aron of New York, Republic National Bank of New York and the Oceanic Grain Company of Canada.

Desmond Quigley writes: Disappointment with the result of the auction led to bullish closing 82.5 an ounce lower in London to \$142.5.

Chloride strikers face jobs threat

By R. W. Shakespeare

Workers on strike and occupying two Chloride factories in Lancashire, and at Dagenham, have been warned by the company that their action is threatening the company's British operations, and therefore their jobs.

In a statement issued yesterday the battery manufacturing company said that the strike and factory takeovers, which are now in their third week, could only be resolved through fresh talks on the central issue of productivity.

The strikes, involving 3,500 workers at the Clifton Junction factory near Manchester, and another 1,500 at the Dagenham plant began after five unions—principally the Transport and General Workers' Union—had rejected company proposals for a new productivity deal.

LETTERS TO THE EDITOR

Recognition agreements and the law

From Mr O. H. Parsons

Sir, The concern on the law on trade union recognition expressed by Mr Alar Campbell, QC, (May 31) is misconceived. There is not and never has been anything whatever in law which prevents an employer entering into a voluntary recognition agreement with an independent union, a company union, a staff association or any other organization of workers.

What the Industrial Relations Act, 1971, and the Employment Protection Act, 1975, did was something quite different, namely to provide machinery under which, by the use of a statutory body, very powerful sanctions were made available to compel an employer to enter into a recognition agreement with a union.

Under the Industrial Relations Act, 1975, a qualifying union was required to register; this was unsatisfactory because only

a tiny minority of unions in fact registered. Under the Employment Protection Act the standard is the independent status of the union concerned, as certified by another statutory body subject to appeal to the Employment Appeal Tribunal. Provided the right to enter into voluntary recognition arrangements is preserved, and no one has suggested at any time that it should be eroded, it really is difficult to appreciate what possible complaint there can be.

As for Mr Campbell's suggestion that "the law on industrial relations (is) due for a general overhaul" after two major revisions in the course of the last six years, the imagination boggles with horror at the prospect of yet another broken-down old nag emerging from the discredited stable that produced the ill-begotten Industrial Relations Act; when will they ever learn?

Yours faithfully,
O. H. PARSONS,
Morty House,
201 Regent Street,
London W1R 8DT.

Dunham Bridge and George Leather's engineering legacy

From Mr C. M. Binnie

Sir, I read with interest the letter from Mr Scorer (May 30) in which he pleads that Dunham Bridge should be preserved. It is astonishing that, after more than a century of use, it should still be a toll bridge and it must, indeed, have been a good investment.

Telford's 1826 Menai Straits suspension bridge has received most sympathetic treatment to adapt it to modern conditions. One can also recall the recent work on the reconstruction of Stephenson's 1850 Britannia Bridge. Perhaps if the Dunham Bridge had been designed by either of these giants there would be a greater inclination to keep it in service.

Whether as a bridge or as a building, George Leather's achievements deserve to be better known. With his son, he was also responsible for the 1839 Stanley Ferry aqueduct on the Ayr, the Calder across the river Calder, and the known structure still in use supports nearly a thousand tons of water over a clear span of 155ft. It consists of a trough suspended from a two-pin cast-iron arch, exactly the same in principle as the one used for the design of Sydney Harbour Bridge some 100 years later.

Probably one difficulty is that its narrow width makes Dunham Bridge unsuitable for two-way traffic but, perhaps, with a new approach on the right bank, two of the spans could be dismantled and

reerected alongside the other two so as to have two separate spans.

Yours faithfully,
C. M. BINNIE,
Arthurs House,
London SW1P 1RX,
May 31.

From Mr D. A. Douglas
Sir, Mr Scorer's letter (May 30) draws attention to an expensive anachronism.

Dunham Bridge lies on the main road from Lincoln to the A1 and North and is heavily used. It is also a toll bridge which must earn a substantial revenue for its owners—though the method of toll collection is markedly unregulated and therefore open to abuse. The weight restriction now imposed inevitably results in costly detours for heavy vehicles and the decision now apparently reached to reconstruct the bridge can only be applauded by all users.

The opportunity should not be lost for the bridge to be taken into public ownership, thereby placing responsibility with the highways authority and not the present owners who seem to have been content to collect their tolls without providing the service now required from them.

Yours faithfully,
DAVID DOUGLAS,
Wilkes Barn,
Blindon, Walsall,
Saffron Walden,
Essex,
May 30.

How capital gains tax could kill an export earner

From Mr J. A. N. Giles

Sir, I read with interest the letter from Sir Ralph Cochrane, in your issue of May 24, and believe that a specific case might help to draw our Government's attention to the lethal nature of their taxation.

This is a small company engaged in export merchandising, which now brings in approximately £1m per annum of overseas money. I am the principal shareholder and would like to give the company to those members of the staff who have been with me for a long time and given loyal service.

The payment of corporation tax and income tax has, of course, been heavy, but we have been able to build up a substantial reserve in the form of undistributed profit. However, should I fail to reach the age of 52, the payment of capital gains tax on the transfer of the company would be a disaster.

Having already suffered a coronary thrombosis due largely to the frustration of bureaucracy, and continual strikes or should I say withdrawals of labour, I feel it doubtful

whether I shall reach such an age and can only regret that there will be more people out of work and that this company's small contribution to the nation's economy will stop.

Yours faithfully,
J. A. N. GILES,
Norton Giles & Co Ltd,
162 Station Road,
Boreham,
Middx HA8 7BE,
May 27.

Proceed with care—do not pass up the opportunity to remain progressive.

WILLIAM DREYER,
6 Quay House,
Shore Road,
Warrash,
Hampshire,
May 30.

Warning on subsidy for shipyards

By Peter Hill

Industrial Correspondent

Maintenance of a substantial British shipbuilding industry, involving taxpayers' money where necessary, was advocated by the head of one of Britain's largest shipping groups yesterday.

Sir James Steel, chairman of the Furness Withy group, said his group was planning further additions to its fleet and it was hoped that these new ships could be built in British yards if the price were economic. But he said, the company could not afford to pay too high a premium for building at home.

The recently established shipbuilding intervention fund, designed to narrow the price differential between United Kingdom and foreign yards, would help British yards to compete. However, the subsidy, he said, should not favour the foreign buyer to put British owners at a disadvantage.

It is essential for Britain to maintain a substantial shipbuilding capability without which its very existence would be threatened. If this involves taxpayers' money, it is part of the cost of freedom," said Sir James, who was speaking at the launching of a cargo liner for the Furness Withy group at the Port Glasgow yard of Scott Lithgow.

British yards, he believed, could still build ships at economic prices. He noted that the contract for the ship launched yesterday had been won by the Lower Clyde group in the face of worldwide competition. Some foreign yards had tendered lower than Scott Lithgow.

West German expansion slows to 4 pc annual rate

From Peter Norman

Bonn, June 2

Dr Oskar Emminger, president of the West German Federal Bank, today disclosed that Germany's gross national product grew in real terms at an annual rate of only 4 per cent in the first quarter of this year.

In remarks to a press conference after a meeting in Trier today of the Federal Bank's central council, Dr Emminger said that Germany's economic performance in the first few months of this year fell short of the government's official target of a real rise of 5 per cent in gnp this year.

However, Dr Emminger was not without optimism for the future. He said he thought it possible that the upward movement of the Germany economy

had gathered pace in the past few weeks and he felt a 4.5 to 5 per cent rise in real gnp might still be achieved in 1977.

On the other hand, the Federal Bank no longer expects that average unemployment will fall to 850,000 as suggested earlier this year by the government. In Bonn, although Dr Helmut Schlesier, a member of the Federal Bank's directorate said today that the average should drop below the million mark.

The latest unemployment figures for May are due to be published tomorrow by the Federal Labour Office in Nuremberg. At the end of April there were almost 1,040,000 seeking jobs in West Germany.

Today's council meeting, which came on the day after Dr Emminger took over the Federal Bank presidency, took no credit policy decisions.

EEC 'grasp' on licensing

Those in charge of competition policy in the EEC "have got licensing in a vicious grasp and are in danger of throttling it in death," Mr John Methven, director-general of the CBI, told a Licensing Executives Society conference in London yesterday.

Departments handling licensing matters should maintain a balance between proprietary rights on the one hand and ensuring fair competition on the other, he said. "But this balance has got out of kilter."

In the EEC the Directorate-General of Competition Policy clearly had a role to play, but surely it was a secondary role. Delegates would know, for instance, of the problems with

the Commission proposal for block exemptions for patent licence agreements.

"The cause of the trouble is the simple fact that it has been drafted by the wrong department and for the wrong reasons."

What should be an instrument primarily to encourage the conclusion of licensing agreements has turned out to be a measure which will actively discourage the firms from licensing in the EEC.

There is a growing danger of killing the goose which is trying to lay the golden egg.

Governments regarded the owner of technological patents, trade mark rights, and copyright with increasing suspicion.

US auction gold bids at up to \$150

From Our United States Economics Correspondent

Washington, June 2

The International Monetary Fund breakdown of the bids for the takeover of Parsons, today of its latest gold auction. Some 35 separate bids from 13 companies were accepted, at prices ranging from \$143.32 an ounce to \$150 an ounce. A total of \$34,800 ounces were sold.

The breakdown of the bids shows that there was, in fact, just one bid for 8,000 ounces made at the top price of \$150 an ounce. There were no other bids above \$147, but there were five for a total of 56,800 ounces at prices ranging from \$145 to \$146.99 an ounce.

In addition, there were 14 final bids received for 202,400 ounces at prices between \$144 and \$144.99 per ounce and 26 bids were received (not all of which were successful) for 398,000 ounces at prices ranging from \$143 to \$143.99.

There were bids altogether for just over a million ounces. The successful bidders were: N. M. Rothschild, Samuel Montagu and Johnson Matthey Bankers, all of London, the Swiss Bank Corporation, Union Bank of Switzerland, Bank Leu AG of Zurich, Swiss Credit Bank, Dresdner Bank, Degussa of Frankfurt, The Bank of Nova Scotia, J. Aron of New York, Republic National Bank of New York and the Oceanic Grain Company of Canada.

Desmond Quigley writes: Disappointment with the result of the auction led to bullish closing 82.5 an ounce lower in London to \$142.5.

Export Year's target of 10 pc rise exceeded

Britain's Export Year target of a 10 per cent increase in the volume of exports has been exceeded, Sir Frederick Catterwood, chairman of the British Overseas Trade Board, said in London yesterday.

Latest trade figures showed that over three months Britain had had a trade surplus and in the last month, April, the volume of exports was 12 per cent up on last year. This was an appropriate present by British exporters to the Queen's jubilee, he added.

Sir Frederick was speaking at an anniversary press conference on the success of Export Year since the concept was launched in the presence of the Duke of Edinburgh in May, 1976. He said 2,300 companies had been involved in the project.

The sponsors had wanted maximum possible involvement in industry and shop floor participation.

PUBLIC SECTOR BORROWING REQUIREMENT

The following are figures released yesterday by the CSO for the Government borrowing requirement:

	£m seasonally adjusted	£m
Central Government		
1975/76	8,799	10,630
1976/77	8,845	8,725
1977/78	1,959	2,441
Q1	2,258	2,870
Q2	2,434	2,824
Q3	1,990	2,762
1978/79	2,072	2,282
Q1	2,020	2,784
Q2	1,912	2,477
Q3	531	1,793
1977/78	1,182	1,721

UK RESERVES

The following are the figures for the United Kingdom's official reserves issued by the Treasury:

End of period	£m	Change in month %
1976		
April	4,848	2,633 -1,057
May	5,423	3,023 + 575
June	5,370	3,010 + 58
July	5,312	2,978 - 111
Aug	5,028	2,831 - 341
Sept	5,158	3,092 + 129
Oct	4,703	2,985 - 455
Nov	5,156	3,116 + 453
Dec	4,129	2,428 -1,027
1977		
Jan	7,196	4,196 +3,067
Feb	7,787	4,546 + 691
March	3,618	5,592 +1,831
April	10,180	5,892 + 512
May	1,901	5,760 - 229

Farnell Electronics

LIMITED

Increase in dividend for current year following 1 for 4 Rights Issue

Extracts from Chairman's circulated statement:

The 62% increase in net profit has been realised in spite of substantial increases in operating costs.

It has been felt desirable to promote a 1-for-4 Rights Issue in order to raise £990,000 for permanent funds to finance building extensions and to purchase equipment required to service the forecasted volume growth in business. The dividend for this year has been increased to 3.8318p net per share, the maximum allowed. Under the terms of the Rights Issue the Treasury have consented to an increase in dividends to 6.5p net per share for the year ending 31st January 1978, a substantial increase on the present payment.

"I have every confidence that we as a Group can maintain our past record of continuing growth, both in turnover and profitability."

A. E. LONG, Chairman

Distributors and manufacturers of electronic and electrical equipment and accessories

Copies of the Report and Accounts are available from The Secretary, Farnell House, 81 Kingston Road, Leeds LS2 1RR.

Year at a glance	
Results Year ended 31st January	
1977	1976
£000's	£000's
Sales	14,129 10,185
Profit before tax	1,971 1,390
Profit after tax	933 670
Dividends	190 173
Retained earnings	743 497
Earnings per share	18.80p 13.51p
Dividend per share	3.83p 3.48p
Times covered	4.91 3.88
Asset value per share	117p 102p

J. SMART & CO. (CONTRACTORS) LTD.

Interim Statement

At a Board Meeting on 2nd June, 1977, the Directors declared an Interim Dividend per share of 0.99p net (0.9) due payable on 27th June, 1977 in respect of the year ending 31st July, 1977. Members holding approximately 50% of the shares have waived their right to this Interim Dividend.

It is estimated that for the current year Group Profits before Tax will be not less than £1,690,000 (£1,443,175) made up of Trading Profits of £1,685,000 (£1,579,714) and Profit on Sale of Investments, etc. £5,000 (Loss £136,538).

The Group has had another successful year although turnover is down as compared with last year.

Subject only to unforeseen circumstances, it is the Board's intention to recommend to the Shareholders in due course that the Final Dividend per share for the year to 31st July, 1977 be 2.586875 net (£2.351704), this being the maximum permissible under the current restrictions.

APE amalgamated power engineering limited

MANUFACTURERS OF STEAM TURBINES, DIESEL ENGINES, COMPRESSORS, GEARS, PUMPS & VALVES

Record Profits and Rights Issue

In 1976, earnings per share improved to 22.5p per share with pre-tax profits at £3,388,000 on a turnover of £46,328,000.

The manufacturing turnover of the U.K. companies has increased to £38,684,000 which in turn has resulted in a profit increase to £2,362,000.

The improvement in profit from overseas companies has continued in 1976 and these companies have contributed £1,026,000 to Group profits, compared with £612,000 in 1975 and

£179,000 in 1974.

With one exception all manufacturing divisions in the U.K. have a satisfactory order book which gives grounds for optimism.

Looking beyond 1977—the board is confident that our products will continue to be required in world markets which we shall continue to foster, not only as a market for our products but also as a base for their manufacture.

£2.3 million being raised by Rights Issue.

Financial Summary	Year to 31st December	1976	1975
	£000	£000	£000
Turnover		46,328	39,371
Profit before taxation		3,388	1,583
Taxation		1,071	694
Profit after taxation		2,317	889
Dividends		377	342
Earnings per share		22.51p	8.64p

Copies of the Report and Accounts containing the full statement by the Chairman, Mr. H. A. Whittall, may be obtained from the Secretary, Amalgamated Power Engineering Limited, Colmore Centre, 115 Colmore Row, Birmingham B3 3SA.

W.H. Allen Sons & Company Ltd., Belliss & Morcom Ltd., Crossley-Premier Engines Ltd.

camrex

(HOLDINGS) LIMITED

"A most rewarding year"

Alex G. Cameron, Chairman

Salient figures—£,000

1976	1975
Turnover	24,522
Profit before taxation	1,906
Profit after taxation	952

BY THE FINANCIAL EDITOR

Groundwork for the BP offer

There will be rather more material to work on in assessing the longer-term potential of BP's offer than in assessing the immediate impact of the offer itself. Despite the fact that the offer is being made in the context of a price war between the United Kingdom and the United States, the offer is not a simple one. It is a complex one, and it is one that will be assessed in the light of the offer itself.

The offer is being made by a prospectus which is likely to lay a good deal of emphasis on the fact that the offer is being made in the context of a price war between the United Kingdom and the United States. The offer is not a simple one. It is a complex one, and it is one that will be assessed in the light of the offer itself.

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Met years after takeovers

The past six months Grand Metropolitan has gradually been pulling back its share price from the level at which it was trading when it was taken over. The share price has fallen from a high of 225p to a low of 125p. This is a significant fall, and it is one that has caused much speculation as to the reasons for it.

Health versus tobacco stocks

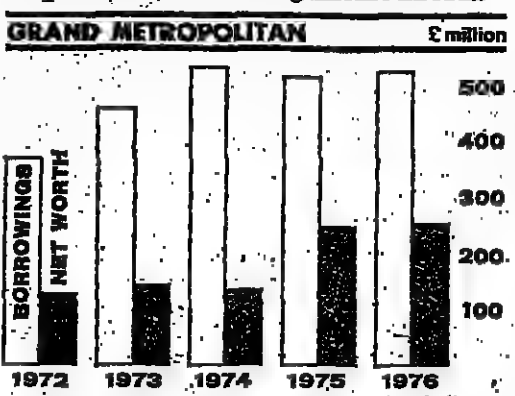
The Tobacco Advisory Committee, which represents the industry, has issued a report which states that the health of the nation is at risk from the consumption of tobacco. The report states that the health of the nation is at risk from the consumption of tobacco, and it calls for action to be taken to reduce the consumption of tobacco.



Mr. Macdonald, chairman of BAT, has said that the health of the nation is at risk from the consumption of tobacco. He has called for action to be taken to reduce the consumption of tobacco, and he has said that the health of the nation is at risk from the consumption of tobacco.

down and the fall of sterling no longer inflating overseas borrowings. Ignoring currency fluctuations, in fact, the underlying direction for borrowings is modestly downwards. Grand Met is now well over the hump of its capital spending. Last year it had a cash surplus of £32m (admittedly more than wiped out by sterling depreciation), and although expenditure will be up on the £41m of 1976, there will be a further positive cash flow this year.

But there is still a long way to go before the concern about Grand Met's hefty borrowing is anything like allayed. Short-term interest rates, after all, seem to be about to edge up again after the recent, perhaps excessively precipitous downturn. And with £524m of loans in the last balance sheet against £252m of net worth it could take some years running at last year's cash surplus levels to make significant inroads.



The big factor in Grand Met's favour, though, is its £124m convertible loan stock which, barring a general stock market collapse, seems likely to be fully translated into equity next February when the opportunity arises for the last time. Besides eliminating a big chunk of debt from the balance sheet, this would add £75m to shareholders' funds. In addition Grand Met has £85m of deferred tax accounted for by stock relief and capital allowances, which, under the new accounting proposals, may be transferred to reserves.

Taken together with improving profitability which could bring in between £15m and £20m in retained earnings, Grand Met could actually have its borrowings down below net worth by this time next year. And that, of course, is before current cost accounting brings its balance sheet back to square.

Certainly, in trading terms the current performance is healthy enough in spite of the fall in real earnings which might be expected to eat deep into the kind of discretionary consumption which is Grand Met's territory. So far the growth has been broadly based, extending even to betting and gaming, and for the year as a whole Grand Met could be good for profits of perhaps £70m.

At 791p, then, the shares are selling at about 9 times prospective earnings and yield 8 per cent. With the scope for further de-gearing that is in prospect, the share should at least hold its own in the market.

BAT Industries, Imperial itself, and Rothmans International. BAT's presence in the United Kingdom tobacco market is not large enough for a decline in demand to hurt it, while Rothmans has 90 per cent of its sales overseas.

But although increased tobacco duties look more likely, the evidence as to the effect of increased prices is equivocal. Until 1973 cuts in consumption either due to health fears or duty increases, were swiftly recovered. But since 1973, this has not been the case. Consumption in 1975 was 41 per cent down on the peak figure of 1973, and there was a further 12 per cent fall last year.

A declining market would, of course, mean increased competition and lower margins. Rothmans and Gallagher are still strong in King Size and the American-owned Gallagher is in a position to fight hard on an increasing move to lower tar cigarettes with its Silk Cut blends. In the past though, launching of new brands and promotion generally has had a far greater effect on margins than increases in duty or health scares.

Also, although 90 per cent of Imperial's profits arise in the United Kingdom and 53 per cent from tobacco, it is the non-tobacco interests which are growing fastest. Fears for its future, and the tobacco companies generally, therefore, are limited and despite a pick up since April, their share prices are still historically low relative to the market.

Trading stamps: the grocery giants brace themselves for a price war

Tesco staff will be working overtime during the holiday, putting the final touches to what will probably be the largest promotional exercise in the company's history. Its purpose is to persuade customers that they will be much better off without the Green Shield trading stamps which Tesco will stop offering from next Wednesday.

Mr. Ian MacLaurin, Tesco's managing director, will not reveal quite what form the promotion will take. But he is inevitable that its basis will be a cut in prices on a selection of groceries.

In its preliminary announcements, Tesco promised to substitute "even bigger savings" for the stamps and the other grocery multiples are nervously waiting to see what these will be—and, more importantly, how shoppers will react to them.

What is certain from the information which Mr. MacLaurin has released is that the promotion will be a big one. About £1.5m will be spent on television and newspaper advertisements between Wednesday and the end of the month.

Most Tesco stores will be closed on Wednesday, the day after the holiday, so that staff can make whatever changes are necessary.

Franchises taken up

The campaign needs to be big, because for 14 years Tesco has been a dominant force in the grocery trade. It has been a dominant force in the grocery trade, and it has been a dominant force in the grocery trade. It has been a dominant force in the grocery trade, and it has been a dominant force in the grocery trade.

The queue of bidders which has emerged in the four weeks since Tesco announced that it was giving up its 700 trading stamps franchises shows that stamp franchises are not lost their commercial appeal universally. The nearest rival to Tesco among

them is International Stores, the British American Tobacco subsidiary. It has taken up 100 of the surplus franchises, enabling it to offer stamps throughout the chain of over 600 stores.

Another, though much smaller, grocery multiple to take on more trading stamps is Sainsbury, part of Linford Holdings. This company said last week that it was offering Green Shield stamps in 75 of its stores, even though in some cases this means dropping its own Pink Stamp.

The wisdom or otherwise of Tesco's decision to give up trading stamps will not be shown until long after the event. It was certainly not taken without much heart-searching (not, it is rumoured, without some dissent in the boardroom). But it was also backed by extensive field research in selected stores in the Midlands checked by Mr. MacLaurin personally against other stores' experiences in the United States.

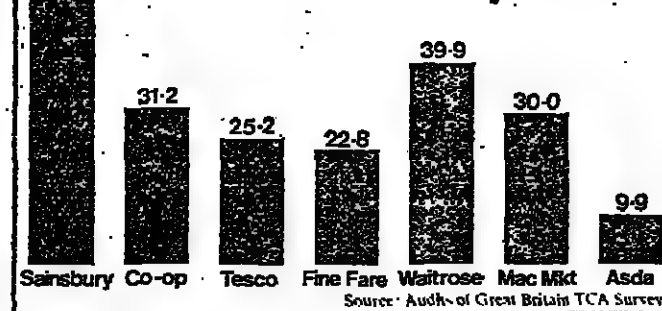
A point in favour of Tesco's pricing policy is the overall growth in the last few years in the shape of grocery trade held by discount traders like Bishop's and Presto's. Research by the Audit Commission, a company which has grown from less than 6 per cent in 1973 to more than 15 per cent last year.

The main choice of promotion for the British retail grocery trade is concerned with stamps and direct price cuts. (The Co-op's blue dividend stamps are different, since they are a method of distributing profits and are exchanged for goods within the organization.)

Many arguments have been advanced both for and against trading stamps since they first came to Britain in the early 1960s. One disadvantage of the grocery trade is that they operate equally across the whole range of goods stocked, irrespective of the profit margins on individual items. The stamps are issued at the till against the total spent by the customer, whether this was on high profit delicatessen goods, for example, or low profit sugar.

The cost the retailer a blanket 2 to 2½ per cent of his turnover

PERCENTAGE OF TOTAL STORE TURNOVER ACCOUNTED FOR BY 'OWN LABEL' PRODUCTS



to offer. This, it is claimed (with some justification), he will recover by increased volume of business.

Some retailers, notably Sainsbury, have always argued against stamps, coupons or any other variant. Like Marks & Spencer, they opted for close ties with manufacturers to give a wide range of "own label" products at keener prices than the branded variety. Although not a promotion device, own labels—which generally do not carry the cost of research and development, advertising and sometimes the packaging overheads of their branded equivalents—are a method of lowering prices. The trends seem to indicate that housewives are increasingly favouring them.

Grocery league table

AGB's league table of retail grocery prices taken in January shows that Sainsbury (which has a higher proportion of own label goods than the other grocery multiples) held its prices almost 2 per cent below the average increase in prices over the period from November, 1975. Tesco's prices at that time were less than 1 per cent below,

while at International and Fine Fare prices are shown as being between 1½ and 2 per cent above the average.

Sainsbury, which in any case has only 200 stores, is in a different category from Tesco for several reasons. But even Sainsbury does not plan to be idle during the future which is expected to be generated by Tesco during the next few weeks. While it would not be precise about its plans, it said that it intended to step up its advertising next week.

Fine Fare, and particularly International, Tesco's nearest competitors, are prepared to do a full-blooded battle. International, now the biggest Green Shield franchise holder, naturally hopes to woo Tesco customers who want to carry on collecting stamps with their groceries.

Mr. Gordon Grantham, International's joint managing director, admits that competition in the high street will be intense. By promising discounts as well as stamps the group hopes to raise turnover in the stores which have just acquired Green Shield franchises by 20 to 30 per cent.

It is significant, though, that the group does not intend, at least at present, to extend its stamp to its sister Pricerite operation, nor to its recently acquired chain of Wallis supermarkets. According to Mr. Grantham, this is because Pricerite has been designed as a discount operation with no

room for further promotions, while with Wallis (an Essex-based chain of about 100 outlets) there was no reason to change what was already a successful trading formula.

Fine Fare is also preparing extensive advertising and promotional moves in readiness for a price war. The company abandoned pink trading stamps in 1965 after only two years and has more first-hand experience than anyone of the challenge which Tesco is taking on in making the switch.

With its Shoppers Paradise chain Fine Fare was the first to venture into rock bottom discounting with a streamlined range of groceries. Besides its advertising plan it is now experimenting with new methods of discounting in its larger stores.

Rise in net margins

Although they complain bitterly about the effects of price and margin controls, the big multiples are probably better placed now than at any other time in the last two years to withstand a promotions war. J. Sainsbury, for example, in its financial results out last month reported a rise in net retail margins to 3.8 per cent from the 1975 figure of 2.83 and the best since before the 1973 oil crisis. There is reason to believe that Tesco's results have been moving the same way, and probably those of Fine Fare and International too.

However, with gross margins traditionally the lowest in the high street, at about 20 per cent of turnover, there is not enough surplus in the grocery trade to fuel competitive price-cutting for long. For the consumer, however, much as he or she may appreciate the immediate benefits, the long-term danger is restriction of choice, both in the variety of goods available and in the type of outlet in which they are sold.

Patricia Tisdall

Kenneth Owen, Technology Correspondent

Making aircraft less thirsty

zero by the year 2000, the oil could last until 2023.

Further, if the world aviation sector is to increase annually by 15 per cent—continuing the trend of the 1960s—while world energy use increased annually by only 5 per cent, aviation would account for half the world's total oil use by 2000.

In examining future energy prospects, many experts have argued that oil should be made available for "premium" use only—that is, for petrochemicals feedstocks and for transport; and, within transport, that aviation should have priority. Other users—domestic, commercial and industrial—could transfer to other sources such as coal and electricity, it is suggested.

Though doubtless unwelcome and, indeed, the sort of change to alternatives could become more acceptable and economic in the longer term.

Several proposals had been made for significantly redesigned civil transport aircraft. Mr. Allen reported, with the primary aim of reducing fuel consumption. Though there were conflicting requirements, these designs promised up to 60 per cent lower overall fuel consumption per passenger-kilometre.

In the United States, the National Aeronautics and Space Administration had mounted a special programme devoted to aircraft fuel conservation technology. Potential reductions in specific fuel consumption of

more than 50 per cent are expected in new generations of transport aircraft by changes such as:

—cruising at slightly lower speeds;

—adopting more advanced aerodynamic designs;

—increasing the aspect ratio of wings;

—lowering structural weight by wing redesign;

—using composite materials;

—developing fuel-conservative engines;

—using active controls to reduce the size, weight and drag of surfaces;

—introducing laminar flow over the wing by boundary-layer control; and reintroducing turbo-prop aircraft on short-haul routes.

This means, in short, refining the aerodynamics of the aircraft so that it needs less power to slip through the air easily; refining the structural design so that the machine is lighter; and improving the efficiency of the engines so that they use less fuel to produce the same power.

A NASA study of the likely impact of such developments on airline fleets considered the gradual change from existing aircraft in 1975 to completely new aircraft by the year 2005 for the total United States airline fleet. For short-range and long-range aircraft, there would be intermediate derivatives of existing aircraft showing fuel savings of 10-18 per cent.

For medium-range and long-range aircraft, there would be in addition intermediate new designs with fuel savings of 25-30 per cent.

The American study found that a period of 10 years' research would be needed to determine the basis for the new aircraft design. Such a programme would cost about \$670m. The average fuel savings over the 30-year period from 1975 to 2005 would be 11.6 per cent.

But, analysis indicated, if all the projected fuel savings were overestimated by 10 per cent, the actual fuel savings would be reduced to only 4.8 per cent over the 30-year period. And, if the airlines delayed their adoption of the fuel-efficient aircraft by as much as five years from the date they became available, the projected fuel savings would be only 1.3 per cent over the same period.

On the other hand, should the fuel price rise to more than 75 cents a gallon by 1990, as some experts expect, then the dollar savings would be significantly higher in terms of the research and development money spent earlier.

Thus the NASA programme represents a determined effort to reduce the cost of aviation by a coordinated attack on several areas of technology. But, to be successful, it must be mounted

over a long period without setback in results or timescale—and the pay-off will not be realized for more than 20 years.

The apparently disappointing 11.6 per cent average saving (compared with the 50 per cent saving intrinsic to the new design) is typical of many programmes intended to introduce more energy-efficient transport vehicles. It arises from the generally long life of the vehicles—20-25 years for aircraft, 30-40 years for railway locomotives and 25-35 years for ships.

Other possibilities were discussed by the Hawker Siddeley engineer, Synthesis liquid hydrogen from coal or shale undoubtedly will become available for aviation, but international collaboration on new specifications might prove difficult. Diesel oil is considered undesirable for aviation.

Liquid hydrogen (which has been studied in detail by NASA) may become necessary by about 2030 if world energy demand outstrips the availability of solid fuels. This presupposes a large nuclear electric output, satisfactory answers to questions of nuclear safety and the development of new means of creating liquid hydrocarbons from other minerals. Fuel would probably be three to five times as expensive, because of the high capital costs of such systems.

Business Diary: Silver sounds and other jubilee asides

Organisations would like to have London directed away from the jubilee events. The jubilee events are being held in London, and it is a matter of some concern to the organisers that the city should be able to handle the large numbers of people who will be attending the events.

At 6.15 pm until just past midnight on Thursday evening, the Royal Albert Hall will be the scene of a large concert. The concert is being given by the Royal Albert Hall Orchestra, and it is a matter of some concern to the organisers that the city should be able to handle the large numbers of people who will be attending the events.

At George, Tutill, of Chesham, Buckinghamshire, which claims to be the second largest producer of Union Jacks in the world, the company is confident of finding a customer. The one sure note is that the sudden sprouting of new flag-stuffs has been too much of a temptation for thieves and vandals. Tutill has supplied a number of customers with repeat orders. One shopkeeper lost not only his new flag but the pole and wall bracket as well, while a company in Swindon had all its 15 new flag-stuffs ripped out of the ground.

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Nostalgia

Followers of the recent fortunes of the C. A. Parsons engineering company and the Drax B power station saga might have reason to view proceedings at the Spithead Review later this month with some nostalgia.

Most of these naval reviews, which have become a formal and regular feature of each reign, have been the impeccable affairs, as expected of the senior service. A notable exception, though, was the review of 1897 to celebrate Queen Victoria's diamond jubilee.

100 other ships of the Royal Navy, together with foreign warships, were assembled at Spithead.

Also present, to make her unscheduled but nonetheless historic appearance, was the diminutive privately-built vessel Turbina, which steamed up and down the lines of anchored might at the then unheard of speed of 34½ knots.

The man responsible for this outrage was the Hon. Charles Algernon Parsons, engineer, the son of an Irish peer and founder of the Newcastle engineering company which bears his name.

Turbina's remarkable turn of speed was, as her name hints, derived from the use of steam turbines for propulsion instead of reciprocating steam engines, then in common use at sea. Parsons had included a claim for the use of steam turbines in this way in a patent of 1884, but it was not until 10 years later that he was able to develop his ideas.

The intervening years were spent grappling with the problems of generating electricity and it was Parsons who perfected the use of steam turbines for this purpose.

Highly impressed, if somewhat embarrassed, the Admiralty in 1898 ordered a 30-knot turbine-powered destroyer from the then newly-established Parsons Marine Steam Turbine Company at Wallsend. Though the new ship,

HMS Viper, performed well, she was unfortunately lost in fog. By 1905, however, turbine propulsion was accepted by the Navy and HMS Dreadnought was commissioned soon afterwards. Heavily subsidised, the liner Mauretania, similarly equipped, began her Atlantic service in 1907.

The appeal to the shopfloor was not less than a fortnight ago and that includes a one-week holiday shutdown for the group's 36 car plants. But already hundreds of pounds have arrived at the Cowley headquarters, raising the prospect of two or more Sherpas.

Collections are being organized in a variety of ways. One Rover employee salvaged two large cleaning fluid containers and converted them into collecting boxes. When the works closed last Friday they were both full of coins.

Two employees will be chosen by lots to represent Leyland's 170,000 workers at the handing-over ceremony.

The "silver" bicycle which Ian Phillips, chairman of Raleigh Industries and president of the Bicycle Association, will present to the Duke of Edinburgh on Sunday is not made of silver. A solid silver bicycle, an association spokesman confided yesterday, presented technical problems. Silver plating was tried, but the result was hardly regal. The only solution was silver paint, which happily for the jubilee appeal fund (the bicycle is to be auctioned for the fund in the autumn).

However, it reluctantly accepted the society's explanation that contributions from a state-financed company might be seen in some quarters as using taxpayers' money for a purpose for which it was never intended.

GREEN'S ECONOMISER GROUP LIMITED

Extracts from the Report and Accounts for 1976 and from Mr S. L. Green's Statement to shareholders:

ANNUAL ACCOUNTS: Turnover of the Group rose by 15.3% to £13,435,051 and pre-tax profits increased by 20.6% to £2,184,425.

DIVIDENDS: The Directors recommended a final dividend of 2.125p per 25p share which together with the interim of 2.125p per 25p share paid on 26th November, 1976, totals 4.25p per 25p share and is the maximum permitted by Government legislation. This compares with total dividends of 3.855p per 25p share in 1975.

NEW DEVELOPMENTS AND FUTURE PROSPECTS: The Directors have approved the expenditure by E. Green & Son Limited of £400,000 for the building and equipping of the new factory premises on the Wakefield site to house substantial new manufacturing plant for a new type of heat transfer surface. This will not only extend our range of products in existing markets, but will enable us to enter entirely new fields.

Negotiations are now well advanced with our French associates Air Industrie a subsidiary of the Saint-Gobain Pont-a-Mousson Group to form a jointly owned company in the U.S.A.

Our liquid position after the rights issue in late 1975 remains strong even after the substantial investment programme and we therefore continue to plan future developments with confidence. When the U.K. economy does eventually pick up, we are very well placed to take immediate and full advantage.

	1976	1975	Green's Economiser
Issued Capital	2,078,877	1,615,233	
Group Net Assets	8,866,186	7,640,999	
Profit before tax	2,194,425	1,819,656	
Profit after tax	1,092,976	861,195	
Dividend (Gross)	4,240.5p	3,855p	
Earnings per share	13.15p	12.79p	

The Directors' Report and Accounts are available from: The Secretary, Calder Vale Road, Wakefield WF1 1PP.

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Trust sale spurs strong advance

Shares recovered from a dull start to make their first substantial advance for more than a week.

The early mood was attributed by some to the gloomy predictions from the National Economic Institute, but in reality it was just a continuation of the listlessness which has overcome the market ahead of the four day break.

What stimulated the interest was the sale of an investment trust portfolio which forced dealers to take positions for the first time this week.

Once it was out of the way prices moved ahead over a broad front and though trading was never more than thin the FT Index closed a full six points better at 454.6, its best performance for seven sessions.

A brighter tone continued to prevail in the gilt-edged market though some disappointment at the May reserves figures clipped prices back from their best levels.

At the short end gains were between three-eighths and one-quarter while for longer maturities improvements stretched up to three-eighths.

Bullish quarterly figures from BP put the spotlight on oil shares.

Though some were disappointed that the statement made no reference to the forthcoming Government sale of part of its stake, this was mitigated by talk that the offering may come on June 14.

The BP shares closed 8p ahead at 930p, after 934p, with Shell moving ahead 6p to 534p in sympathy.

Brae Field aspirations continued to help Siba's Oil—said by many to be a potential market "high flier"—and the shares added 4p to 140p. Oil Exploration similarly raised on Thelma house closed 8p ahead to 178p after 180p. Bear closing helped Ultramar, up 5p to 174p. The stream of rights issues

continued with Martin Newsagent shooting up 11p to 158p on dividend considerations and Tizer Kemsley a penny ahead at 46p. Grand Metropolitan, the other major result of the day, finished half a point up at 791p after figures which were below many expectations.

The best of a narrowly mixed performance from the industrial leaders came from Unilever, which added 6p to 492p. Fisons, better by 5p to 360p and Court, still benefiting from recent figures with another 3p rise to 131p.

But there was a much more positive performance from engineers with GKN up 6p to 345p, Bestobell 7p to 149p, Simen 4p to 195p. Steel Brothers 4p to 282p and John Brown 3p to 201p.

In spite of the new anti-smoking campaign BAT Industries managed to reverse an early unappealing loss to end at an unchanged 380p while in motors, Ford's rejection of the Rolls-Royce Motors' terms took the shares 6p up to 47p and well clear of the 40p bid price. Orders news helped Westland to put on 11p to 56p.

After being neglected for some while, food shares attracted some interest, notably Kwik Save, which rose 4p to 175p and Bejam, where the advance was 3p to 109p.

Electricals, too, had their fair share of features with both MK Electric, 7p to 157p, and Racal, 11p to 355p, speculatively wanted. Others in the sector to find support were, ICL, up 4p to 214p, EMI, 5p to 221p, and Plessey, 3p to 82p.

Also ahead on vague bid hopes was Bibby, better by 8p to 132p.

Readers National also found support with a 10p rise to 137p. In stores Liberty shot up 50p to 900p while in the building sector the second price rise of the year brought a comparatively muted response from cement shares with Concrete, up 5p to 59p, being the best.

AP Cement added 2p to 192p and Tunnel, 2p to 179p. Shipments were a dull market though Furness Withy did manage to go ahead 4p to 292p and Hunting Gibson, after a period of calm, 2p to 270p.

Properties also found support with Hammerson "A" still gaining strength from sales news and rising another 12p to 432p. Haslemere up 5p to 199p and Land Securities 4p to 185p.

From a long list of companies reporting figures the pick was Hickson & Welch, strong last week ahead of the statement and up 15p to 515p after it. Others to gain ground were Hay's Wharf 5p to 135p, Morgan Crucible 2p to 105p, Culter

Guard 1p to 23p and in a belated response to earlier figures Kelsey Industries 1p to 91p.

Another to make a delayed response to figures was Parkland Textiles "A" at 481p while elsewhere in textiles Coats Patons firmed 11p to 761p after its report.

International trader James Finlay should report soon on its year to last December. The shares rose 3p to 207p, still a bit short of the 1976-77 peak of 224p. The group suggested what it could do in the six months to June when profits jumped 52 per cent to £2.17m. In the whole of the year before profits were £3.76m. Obviously 1976 profits were good, but it could be that market guesses of nearly £6m are too cautious. Some are looking for a really exciting bulletin.

The strength of equities in the early part of last month is shown up by the official figures.

The total value of all deals rose from £10,613.05m in April to £11,569.3m. The figures for fixed-interest stocks was £9,435.06m against £9,410.3m, but on the equity pitches total values jumped from £1,202.6m to £2,134.2m.

Latest results

Company	Sales	Profits	Earnings	Div	Pay	Year's
(£m)	(£m)	(£m)	per share	pence	date	total
BP	3,617.1	0.31(0.3)	—	2.4(2.1)	—	3.28(2.98)
BP (F)	3,054(2,378)	0.77(0.71)	—	1.12(0.69)	—	1.62(0.99)
Buckley's (F)	6.1(5.4)	0.37(0.38)	—	1.1(NH)	—	1.0(NH)
Carr's Milling	13.0(8.4)	0.51(1.4)	3.9(8.3)	0.37(0.35)	—	0.72(0.65)
Cutter Oad (F)	19.1(12.9)	0.61(1.4)	1.5(1.6)	0.87(0.78)	—	1.04(0.95)
Dartmouth (F)	4.39(3.35)	0.25(0.28)	1.7(1.9)	0.1(NH)	—	—
Dorakand (F)	—	0.001(0.006)	1.54(0.13)	0.1(NH)	—	—
Edinburgh Ind (F)	1.5(1.7)	0.04(0.005)	—	1.6(1.4)	23/6	—
Glenmurray	—	0.07(0.07)	1.6(1.45)	1.6(1.4)	24/10	—
Gd Met Fin (F)	759.6(671.3)	27.1(20.8)	4.8(3.0)	3.7(3.2)	—	—
Hickson & W. (F)	32.3(25.1)	0.11(0.04)	2.7(1.13)	1.6(1.0)	—	—
Inch Kenneth (F)	0.61(0.31)	1.04(0.85)	—	2.0(1.9)	—	—
Laughton (F)	9.4(5.2)	1.6(1.1)	14.4(10.4)	6.8(8.8)	10/8	—
Martin News (F)	32.8(27.7)	7.2(5.4)	1.74(1.45)	1.74(1.45)	13/7	3.24(2.95)
Minster Assets (F)	—	0.34(0.23)	0.75(0.67)	1.7(1.6)	—	—
Pleasura (F)	3.4(2.54)	0.81(0.47)	7.7(4.3)	0.75(0.67)	1/10	—
Pyra (F)	26.4(19.2)	1.12(0.58)	—	1.42(1.25)	29/7	—
Pyra's Wharf (F)	—	57.1(46.1)	6.8(5.9)	2.0(1.9)	—	—
Saatchi	19.6(17.3)	2.4(1.8)	13.3(10.8)	4.0(3.6)	3/10	5.8(5.28)
Sangers (F)	80.5(65.1)	—	0.89(0.8)	37/6	3.74(3.25)	—
Smart (F)	—	0.67(0.34)	40.7(30.0)	2.47(2.22)	36/8	4.45(3.91)
Young Brew (F)	15.3(12.8)	1.4(1.1)	1.13(0.8)	1.48(1.38)	—	2.88(2.38)

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.54. Profits are shown pre-tax, and earnings are net. * Net profit. † Loss. ‡ Forecast.

Barclays Bank International Limited and its subsidiaries

Interim results for the half-year ended 31st March 1977

The Directors of Barclays Bank International Limited announce that the unaudited group profit for the six months ended 31st March 1977 and the comparative profit for the corresponding period last year is as follows:

	1977	1976
£000	£000	£000
Operating Profit	52,217	41,527
Interest on loan capital	5,016	2,700
	47,201	38,827
Share of profits less losses of associated companies	6,402	2,886
Profit before taxation and extraordinary items	53,603	41,713
Taxation	26,989	19,855
Profit after taxation	26,614	21,858
Profit attributable to outside shareholders of subsidiaries	4,705	6,269
Profit before extraordinary items	23,929	15,589
Extraordinary items	—	(1,022)
Profit attributable to the members of the Bank	23,929	14,567
Dividend	—	600
Profit retained	23,929	13,967

NOTES

- The Bank is a wholly owned subsidiary of Barclays Bank Limited but has its own quoted unsecured loan capital.
- Until 30th September 1976 the Bank held 51.67 per cent of the issued share capital of Barclays Bank of Nigeria Limited (BBN). On that date the Federal Government of Nigeria acquired from the Bank 11.67 per cent of the issued capital of BBN, giving them a controlling interest and reducing the Bank's shareholding to 40 per cent. In the six months ended 31st March 1977 the group's 40 per cent share of the profit of BBN is included in share of profits less losses of associated companies. In the comparative figures BBN is included on the basis of the company being a 51.67 per cent subsidiary.

	1977	1976
£000	£000	£000
United Kingdom Corporation Tax at 52½%	14,856	7,996
Less: Relief for overseas tax	8,845	6,450
	6,011	1,546
Overseas tax	17,670	17,885
	23,681	19,431
Associated companies	3,248	724
	26,929	19,855

- Surpluses and deficits on revaluation of exchange rates arising from the revaluation at 31st March 1977 of net assets held overseas on 1st October 1976 and on any foreign currency borrowings used for acquisition and expansion have been taken directly to reserves as being outside the group's normal trading activities. These amounted to a net deficit of £5,849,000 (1976 net surplus of £7,854,000). In the 1976 interim statement the net surplus was included in extraordinary items. The comparative figures have been amended to reflect the change of treatment which was adopted in the 1976 annual accounts.
- All other exchange profits and losses which arise from normal trading activities have been dealt with in arriving at the operating profit.

Balance sheets at 31st March 1977

Note

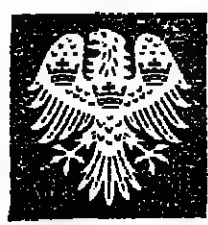
	The group	The Bank
£ million	£ million	£ million
ASSETS		
1 Cash and short term funds	2,086	1,133
2 Investments	828	123
3 Advances and other accounts	7,735	4,892
	10,649	6,148
Investments in associated companies and trade investments	67	42
Investments in subsidiaries	—	131
Premises and equipment	171	85
	10,887	6,366
CAPITAL		
4 Ordinary stock	130	130
Reserves	226	124
Stockholders' funds	356	254
Outside interests in subsidiaries	66	—
Loan capital	115	113
Capital resources	537	367
LIABILITIES		
Current, deposit and other accounts	10,350	6,019
	10,887	6,366

NOTES

- Cash and short term funds include British and other government treasury bills. Bills available for rediscount with central banks.
- Investments include securities of or guaranteed by the United Kingdom and other governments.
- Advances and other accounts include trade bills.
- Capital authorised: 130,000,000 ordinary shares of £1 each. All the ordinary shares have been issued as fully paid and have been converted into stock.
- Acceptances, guarantees, indemnities and credits for account of customers for which there are counter liabilities of customers amount to the group to £1,679 million and for the Bank to £765 million.

J. F. O. GIBSON, Chief Accountant, London, 26th May 1977

Barclays Bank International Limited
Head Office: 54 Lombard St.
London EC3P3AH



BARCLAYS International

Hay's Wharf on the way up after a 93pc rise

By Tony May
Greatly improved interim results have been achieved by Proprietors of Hay's Wharf, the goods handling, distribution and property investment group. All sections of the business made improved contributions to a 93 per cent jump in pre-tax profits to £1.12m, with the exception of the freezing division.

Losses at this section increased because of a shortage of vegetables for freezing. Part of the factory at Bourne had to close down in the winter months. The division's results should improve, however, in the second-half of the year when the new growing season starts.

Also, the programme of planned disposals continues, so the board looks forward to a period of continued profit growth for the group.

Group turnover for the half year, which ended on March 31, rose 37 per cent to £26.4m, pointing to a rise in margins from 3 per cent to 4.2 per cent. The board is raising the interim dividend from 1.98p to 2.18p.

The results are in line with the forecast of the chairman, Sir David Burnett, in January that the improvement shown in the second half of 1975-76 would continue into the current year.

Good progress has been made in the programme of disposals and reinvestment. Five provincial cold stores were sold in January for £2.37m. Since the end of the half year, a useful profit has been realized on the sale of the group's half of Tees Storage. The proceeds, amounting to £2.4m, against a book value of £544,000.

Further sales of low-lying assets amounting to £500,000 have been agreed, and talks are well advanced for the sale of 1.5 acres of development land west of London Bridge.

Last month Ocean Transport and Trading abandoned its £22.5m cash bid for the group—in which the Kuwaiti Investment Office held 34.5 per cent of the equity. Talks between the two groups broke down over the price.

Martin Newsagent calls for £1.25m as expansion picks up

By Ray Maughan
Poised to accelerate its new outlet expansion, Martin the Newsagent is raising around £1.25m with a one-for-five rights issue at 122p a share. The issue is spiced with the promise of a 51 per cent lift in the gross total dividend for the year ending October 2 next to 10p a share.

The effective discount was 17 per cent below yesterday's 11p share price rise to 158p, where the prospective yield is 6.3 per cent or 8.1 per cent on the rights.

It becomes clear, then, that trading prospects rather than yield are driving the shares ahead. In the first six months of the current year, Martin pushed profits forward by 39 per cent to £1.6m with the benefit of a combination of volume growth and new store openings.

The number of retail branches opened in the last full financial year was 18 against 20 in the year before that. But the momentum is picking up again and since October 3 last the group has opened a further 19 branches and plans to open a further four before the current year end.

The overall projected cost is

£2m of which a recently arranged medium-term loan will provide £500,000 and cash flow is expected to cover the rest. But the board, headed by Mr P. S. H. Martin, now wishes to hoist the opening rate above the recent level of 10 per cent annually.

With the rights issue proceeds and improving cash flow, the group does not expect to require further fixed rate borrowing in the foreseeable future, although the level of branch openings depends on market place opportunities.

In general, these will comprise the piecemeal acquisition of existing newsagents since significant gains and new site opportunities have become hard to find.

Mr Martin and his colleagues remain "optimistic about the profit out-turn" for the rest of the year and are not particularly concerned about the effect of the latest Royal College of Physicians' report on smoking. Its impact is expected to be slight.

Indeed, with new sites taking up to two or three years to reach "reasonable" profitability, profits this time are set to benefit from expansion since 1974. Beyond that, Martin's



Mr. P. S. H. Martin, Chairman of Martin the Newsagent, says that opportunities are still widespread in the geographical context. Six branches are situated apart as the North-West South Wales but they are early concentrated in the Counties. With around newsagents in the Kingdom, Martin has a large stake in its physical from the 452 strong expected by the year-end.

Slump proof Hickson shows how to grow

By Our Financial Staff

The investment standing of Hickson & Welch (Holdings), the Yorkshire chemicals group, has been a steady climb. The figures for the six months to March 31. The group showed how it could sail through a slump in chemicals generally in 1974-75 when pre-tax profits jumped from £4m to £7.67m.

Now it is showing how fast it can grow without the slack other chemical companies had as the cycle swings up. In the six months to March 31 turnover climbed by 28 per cent to £32.2m and pre-tax profits leapt 62 per cent to £4.89m.

So the gross interim dividend moves up from 5.08p to 5.59p, enabling the group to show

another of its investment merits. Profits for ordinary shareholders were £2.4m against £1.48m, implying a share of 87.5p. The interim dividend only cost £234,000.

The shares understandably rose 15p to 515p, a new 1976-77 peak, even though the historic yield is only 2.8 per cent. But price earnings ratio of little more than 7 on profits simply double those now reported is more palatable.

There is only one possible qualification to this showing. Hickson makes and sells chemicals for many industries, particularly in rubber, preservation. It buys a lot of chemicals as well as selling them.

Jump of 31 pc at Young's as margins widen

Margins continue to improve at Young's Company's Brewery, the Wandsworth based "real ale" group. On narrower 20 per cent ahead at £15.3m, pre-tax profits for the year to March 31 are up a full 31 per cent to a record £1.49m. This shows a rise in margins from 8.85 per cent to 9.5 per cent.

After adding in profits of £59,000 against £48,000 on the sale of properties after tax, earnings a share have risen from 6.5p to 11.15p. The board is increasing the dividend from 3.5p to 4.4p gross. If the rate of tax changes, the board will

increase the dividend to the new limit.

At half-time, profits went up 44 per cent to £856,000 thanks to the exceptional summer with margins widening from 9.5 per cent to 11.6 per cent. The second half naturally produced less profit at £655,000 but this is a 16 per cent rise on the same 1975-76 period.

Mr John Young, the chairman, said in his interim report that the delay in completion of the new plant was placing a big strain on production, but completed was expected by the spring.

International

Mannesmann first quarter earnings fall

From Peter Norman Bonn, June 2

After declining throughout 1976, earnings and sales at Mannesmann AG, the West German steel pipe and engineering group, fell below last year's levels in the first three months of this year. In Düsseldorf, Mannesmann's chief executive, Dr. Egon Overbeck, disclosed that world group sales in the first quarter fell by 7 per cent to DM2,367 (about £563.5m).

Although earnings were also down in the same period, he forecast "respectable" profits for 1977 although they would not necessarily be higher than in 1976. Last year the parent company's earnings fell to DM2,216m from DM2,365m in the exceptionally good year of 1975. World group net profit tumbled to DM302m from DM599m.

Dr Overbeck forecast that world group sales should increase by 5 and 10 per cent in 1977 despite the poor results in the first months of this year after declining by about 10 per cent to DM1,798m last year.

Morgan Crucible starts with doubled profits

Over the first quarter to April 3, pre-tax profits of Morgan Crucible have more than doubled to £3.1m. This is after net finance charges of £474,000 against £457,000. This continues last year's form which took the group to a record £9.5m—a jump of 50 per cent. The mainspring last year was a revival at home.

Over the first quarter, sales rose 30 per cent to £22.5m, reflecting good markets in the United States and South East Asia. The United Kingdom continued to improve, as did Japan, but the rest of Europe, Australia and Canada were still weak.

The Chairman, Mr Ian Weston Smith, says that the group continues to find new opportunities for group products.

Mr Dennis Martin Jenkins, chairman of shipping, road transport and brewery group Ellerman Lines, does not believe that this year the group is likely to do much better than in 1976 overall.

He told shareholders at the annual meeting that "were we to achieve a similar result, I would be satisfied—the big question mark is undoubtedly South Africa". But he remained confident that the result of the big investment programme, both

in South Africa and elsewhere, will bear fruit in 1977.

MAIBL jumps to near £3m

Midland and Intero-Banks, the oldest of don-based consortiums, contributed £900,000 as £835,000 while the 11 broking companies 11 profits by £158,000 to £158,000.

Operating profits of Midland Airways in 1976 were £96.2m, dropped from £174,000 while the charge by Minister £56,000 to £129,000, 1 per cent pre-tax profit of £420,16 compared with £420,16

Mr E. Y. Bannard, secretary in the Sub-Division of the D. Trade, is to join Council of British 5th foreign relations and rank.

Mr Gerald Hunsay Buckley's Brewery is the retirement of of Lieut-Col. R. E. C. Mr J. S. Barnes is a director of Midland

Business appointments

New president for chartered accountants

The new president of The Institute of Chartered Accountants in England and Wales is Mr Brian Maynard. Mr Eric Sayers has been elected deputy president and Mr David Richardson, vice-president.

Mr T. R. Grieve has succeeded Sir Robin MacAlpine as chairman of Newarthill. Sir Robin remains on the board.

The following resignations are announced from the board of English and Caledonian Investment Company: Mr M. G. Tabor Rice, Lord Rotherwick, Mr C. Macpherson, Sir Edmund Compston, and Mr Q. Hazell. Mr K. D. Wickenden becomes chairman in place of Mr Tabor Rice and Mr K. Siddle. Mr J. Bradford and Mr C. H. Fearn are elected to the board.

Mr Guy Naggar is now a deputy chief executive of Keyser Ullmann Holdings and Kesser Ullmann.

Mr D. W. Livingstone has been made deputy chairman of Albright and Wilson. He continues as managing director.

Mr Graeme D. W. Odgers has joined the General Electric Co as an associate director. For the past three years he was director of the Industrial Development Unit at the Department of Industry.

Mr Douglas Hillas, deputy chief executive of International Timber Corporation, has taken up additional responsibility as chief executive of the group's softwoods division, on the retirement of Mr T. C. Clayton. He remains chief executive of the company's European division.

Mr W. Nicholson has retired from the post of chairman and from the board of Lyle Shipping. He is succeeded by Mr H. W. Shaw, who will combine the duties of chairman and managing director.

Mr A. C. Hogarth, chairman of Roberts Shipping, has been elected to the board.

Kemsley's cash call for in one-for-five 'rights'

Barclays Bank International, which currently holds 24.5 per cent of the Tozer equity, will not take up its allotment under the offer.

Barclays is reducing its TKM percentage stake because it feels increasing pressure is likely by countries in which Barclays operates for it to reduce minority investments in order to increase its share of Tozer. Barclays does not however intend to sell any of its existing holdings. Accordingly, arrangements have been made to place Barclays rights fully paid to the extent of new ordinary shares (17.5 per cent of the new ordinary).

Briefly

PHOENIX AND GLOBE
Protecting shareholders in Globe and Phoenix, and Phoenix Mining companies said the Shareholders' Committee is continuing its battle despite boardroom changes.

FURBERG SINGLE
Board of Furberg and advisers, Copleys Bank, consider offer from Sir John Gollan, Furberg and the Sir John Gollan Group, as inadequate. Holders of over 40 per cent of equity agree.

CHAKRINGTON INDUSTRIAL
Company has agreed to purchase Ash & Bell from Winton Motors Holdings for about £1.1m cash.

MEAT COMMISSION: Average livestock prices at representative markets on June 2.—**GB:** Cattle, 62.13p per kg liv. (-1.07); **UK:** Sheep, 123.5p per kg car. down (-0.3). **GS:** Pigs, 45.6p per kg liv. (-0.1). **Ireland and Wales:** Cattle numbers down 21.6 per cent, average price 63.16p (-0.16). Sheep numbers down 13.5 per cent, average price 124.6p (-3.9). Pig numbers down 4.1 per cent, average price 46.0p (-1.8). **Scotland:** Cattle numbers up 18.2 per cent, average price 61.00p (-1.99). Sheep numbers down 3.2 per cent, average price 118.0p (-13.6). Pig numbers down 1.9 per cent, average price 45.4p (-2.03).

[illegible][illegible]

81%	Corp Lm 1347-1350 (2200)	2200
81%	Corp Lm 1351-1354 (1500)	1500
81%	Corp Lm 1355-1358 (1500)	1500
81%	Corp Lm 1359-1362 (1500)	1500
81%	Corp Lm 1363-1366 (1500)	1500
81%	Corp Lm 1367-1370 (1500)	1500
81%	Corp Lm 1371-1374 (1500)	1500
81%	Corp Lm 1375-1378 (1500)	1500
81%	Corp Lm 1379-1382 (1500)	1500
81%	Corp Lm 1383-1386 (1500)	1500
81%	Corp Lm 1387-1390 (1500)	1500
81%	Corp Lm 1391-1394 (1500)	1500
81%	Corp Lm 1395-1398 (1500)	1500
81%	Corp Lm 1399-1402 (1500)	1500
81%	Corp Lm 1403-1406 (1500)	1500
81%	Corp Lm 1407-1410 (1500)	1500
81%	Corp Lm 1411-1414 (1500)	1500
81%	Corp Lm 1415-1418 (1500)	1500
81%	Corp Lm 1419-1422 (1500)	1500
81%	Corp Lm 1423-1426 (1500)	1500
81%	Corp Lm 1427-1430 (1500)	1500
81%	Corp Lm 1431-1434 (1500)	1500
81%	Corp Lm 1435-1438 (1500)	1500
81%	Corp Lm 1439-1442 (1500)	1500
81%	Corp Lm 1443-1446 (1500)	1500
81%	Corp Lm 1447-1450 (1500)	1500
81%	Corp Lm 1451-1454 (1500)	1500
81%	Corp Lm 1455-1458 (1500)	1500
81%	Corp Lm 1459-1462 (1500)	1500
81%	Corp Lm 1463-1466 (1500)	1500
81%	Corp Lm 1467-1470 (1500)	1500
81%	Corp Lm 1471-1474 (1500)	1500
81%	Corp Lm 1475-1478 (1500)	1500
81%	Corp Lm 1479-1482 (1500)	1500
81%	Corp Lm 1483-1486 (1500)	1500
81%	Corp Lm 1487-1490 (1500)	1500
81%	Corp Lm 1491-1494 (1500)	1500
81%	Corp Lm 1495-1498 (1500)	1500
81%	Corp Lm 1499-1502 (1500)	1500
81%	Corp Lm 1503-1506 (1500)	1500
81%	Corp Lm 1507-1510 (1500)	1500
81%	Corp Lm 1511-1514 (1500)	1500
81%	Corp Lm 1515-1518 (1500)	1500
81%	Corp Lm 1519-1522 (1500)	1500
81%	Corp Lm 1523-1526 (1500)	1500
81%	Corp Lm 1527-1530 (1500)	1500
81%	Corp Lm 1531-1534 (1500)	1500
81%	Corp Lm 1535-1538 (1500)	1500
81%	Corp Lm 1539-1542 (1500)	1500
81%	Corp Lm 1543-1546 (1500)	1500
81%	Corp Lm 1547-1550 (1500)	1500
81%	Corp Lm 1551-1554 (1500)	1500
81%	Corp Lm 1555-1558 (1500)	1500
81%	Corp Lm 1559-1562 (1500)	1500
81%	Corp Lm 1563-1566 (1500)	1500
81%	Corp Lm 1567-1570 (1500)	1500
81%	Corp Lm 1571-1574 (1500)	1500
81%	Corp Lm 1575-1578 (1500)	1500
81%	Corp Lm 1579-1582 (1500)	1500
81%	Corp Lm 1583-1586 (1500)	1500
81%	Corp Lm 1587-1590 (1500)	1500
81%	Corp Lm 1591-1594 (1500)	1500
81%	Corp Lm 1595-1598 (1500)	1500
81%	Corp Lm 1599-1602 (1500)	1500
81%	Corp Lm 1603-1606 (1500)	1500
81%	Corp Lm 1607-1610 (1500)	1500
81%	Corp Lm 1611-1614 (1500)	1500
81%	Corp Lm 1615-1618 (1500)	1500
81%	Corp Lm 1619-1622 (1500)	1500
81%	Corp Lm 1623-1626 (1500)	1500
81%	Corp Lm 1627-1630 (1500)	1500
81%	Corp Lm 1631-1634 (1500)	1500
81%	Corp Lm 1635-1638 (1500)	1500
81%	Corp Lm 1639-1642 (1500)	1500
81%	Corp Lm 1643-1646 (1500)	1500
81%	Corp Lm 1647-1650 (1500)	1500
81%	Corp Lm 1651-1654 (1500)	1500
81%	Corp Lm 1655-1658 (1500)	1500
81%	Corp Lm 1659-1662 (1500)	1500
81%	Corp Lm 1663-1666 (1500)	1500
81%	Corp Lm 1667-1670 (1500)	1500
81%	Corp Lm 1671-1674 (1500)	1500
81%	Corp Lm 1675-1678 (1500)	1500
81%	Corp Lm 1679-1	

Runs	Last Price	Gr's Div (%)	Yld %	P/E
Long Run	35	4.2	12.1	6.5
Run 188 CULS	126	18.5	14.7	—
Age & Rhodes	31	3.0	9.7	—
raz Ord	132	8.2	6.3	6.6
rah 171 CULS	144	11.5	12.2	—
rick Parker	134	11.5	8.6	6.5
Sykes	83	3.0	2.9	12.8
Bughugh	81	6.0	7.4	8.0
Jenkins	286	25.0	8.8	—
ack Ord	13	—	—	—
lock 12 CULS	60	12.0	20.0	—
ck Holdings	63	6.1	9.7	7.9
Alexander	77	5.8	7.5	8.7

Sterling gave up 19 points yesterday in moderately active trading to close at \$1.7175. The exchange rate index also lost ground at 61.5 compared with 61.7 overnight.

was simply a technical adjustment following the decline on New York the previous evening, the pound nevertheless still lost ground following the fall in the United Kingdom official reserves. The decline in May has been the largest since last December—although largely anticipated by the market—prompted some selling late in the session when New York market opened.

Dealers had been expecting poor figures last month after the substantial support given to the pound earlier in the month when rumours were rife that the IMF was raising rates. The dollar also retreated.

Deutschmarks—appreciated 2.3540 (2.3575)

	Market rates (day's range)	Market rates (close)
June 2		June 2
New York	\$1.7647-7162	\$1.7170-7177
London	\$1.8100-8100	\$1.8100-8122
American	4.21-4.26 1/2	4.22-4.23 1/2
Brussels	61.75-62.00	61.60-61.61
Copenhagen	10.37-10.39 1/2	10.33-10.34
Frankfurt	4.03-4.06 1/2	4.03-4.04
Hamburg	4.03-4.06 1/2	4.03-4.04
Madrid	116.50-50.50	116.50-50.50
Milan	125.2-125.2 1/2	125.20-21
Oslo	8.88-8.91 1/2	8.89-8.90 1/2
Paris	4.21-4.22 1/2	4.21-4.22 1/2
Schilling	3.51-3.54	3.51-3.53 1/2
Tokyo	470-50	471.5-473 1/2
Vienna	28.75-28.75 1/2	28.75-28.75 1/2
Zurich	4.27-4.30 1/2	4.27-4.28 1/2

Effective exchange rates close June 2, 1977. All rates are U.S. dollars per one foreign unit.

[illegible]

1472 (1985-86); resident, 1473-1474 (1986-87);
Sovereigns (new); non-resident, 1475-1476
(1987-88); resident, 1477-1478 (1989-90).

yesterday, but the supply of funds ran dry in the afternoon. The Bank of England eventually found it necessary to give a small amount of help via the purchase of Treasury bills directly from the Treasury.

Rates moved within a band of 6 per cent to 7 per cent. They had opened, interbank, around 7-6½ per cent, but houses were mostly held back until they could take money at 6½ per cent. The delay in arrivals and indications that there could be a small surplus on the day encouraged houses to pull their rates down steadily.

They remained able to attract money during the morning, right down to 6½ per cent, but after lunch, lenders withdrew and houses had some difficulty tracking down the final small sum needed to rule off for the day. The final balance was within a range of 6½ per cent to 7 per cent.

Overnight: High 7		Discount Mkt Lender: Low 6	
Week Placed: 6 1/2			
Treasury Bill (Dis):			
Buying:	Selling:		
2 months 7 1/2	2 months 7 1/2		
3 months 7 1/2	3 months 7 1/2		
Prime Bank Bill (Dis): * Trades (Dis):			
2 months 7 1/2-7 3/4	3 months 8 1/2		
3 months 7 3/4-8	4 months 8 1/2		
4 months 7 3/4-8	6 months 8 1/2		
6 months 8 1/2-8 3/4			
Local Authority Bonds:			
1 month 8-8 1/2	7 months 8 1/2-9		
2 months 8-8 1/2	8 months 8 1/2-9		
3 months 8 1/2-9	9 months 8 1/2-9		
4 months 8 1/2-9	10 months 8 1/2-9		

Local Authority Market (%)			
1 year	1-3%	3 months	2%
1 day	1-3%	6 months	2%
1 month	1%	1 year	2%

Interbank Market (%)			
Overnight	Open 1-6%	Close	6%
1 week	6-7%	6 months	6-6%
1 month	7-7%	9 months	6-6%
3 months	6-6-7%	12 months	6-6%

First Class Finance Houses (Mkt. Rate's)			
3 months	6%	6 months	6%

Finance House Base Rate 6 1/2%

FLYSBU BUOYANT

board views prospects for current year with optimism. For results see table.

New York, June 2.—The New York Stock Exchange closed with little overall change.

The Dow Jones industrial average was off 3.40 points to 903.15.

Volume totalled 18,620,000 shares, compared with 18,320,000 yesterday.

On renewed commissions house at
trade buying, dealers said. Auctioneers
rooms contained some by missed by
riders at the close. July, "01.
Sept. 187.00c; Dec. 168.00c; March
160.75c; May, 160.00c; July, 149.50c;
Sept., 135.60c. Spots: Lhamo and Bahua
Unquoted.

COFFEE: Futures in "C" contract

[illegible][illegible]



Shares in better form

ACCOUNT DAYS: Dealings Began, May 23. Dealings End, June 10. \S Contango Day, June 13. Settlement Day, June 21.
 \S Forward bargains are permitted on two previous days.

[illegible]

[illegible]

